

Port of Seattle 2018 Financial Performance Report

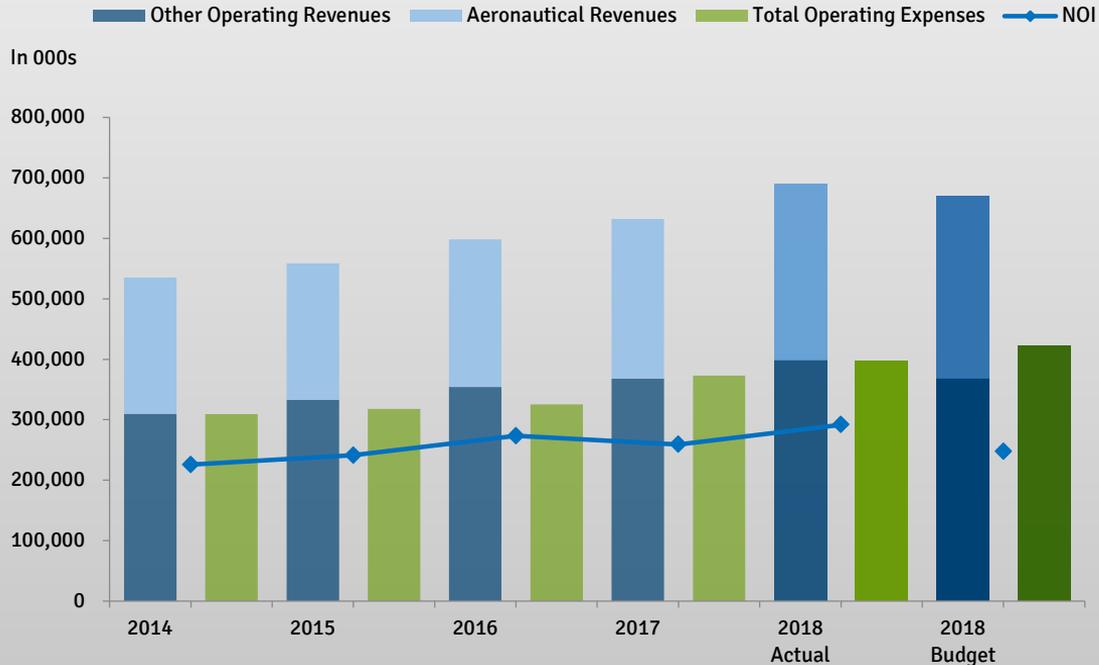


Portwide Financial Highlights

- **2018 Actual vs. 2018 Budget:**
 - Operating Revenues \$18.9M favorable to budget.
 - The Non-Airport Revenues \$15.8M favorable to budget.
 - Operating Expenses \$25.2M favorable to budget.
 - Net Operating Income before depreciation \$44.2M favorable to budget.
 - Total capital spending was \$617.7M, 70.6% of the budget.
- **2018 Actual vs. 2017 Actual:**
 - Operating Revenues \$57.4M higher than 2017.
 - Operating Expenses \$24.7M higher than 2017.
 - NOI before depreciation \$32.7M higher than 2017.

A record year of operating revenues and net operating income for 2018

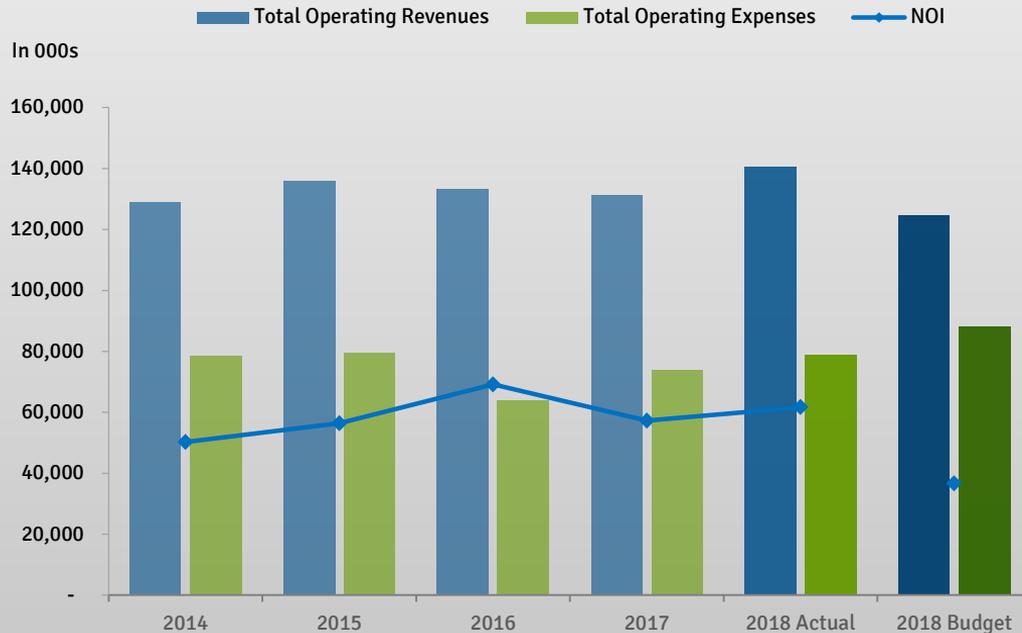
Portwide Net Operating Income Performance



- Operating Revenues are \$18.9M higher than budget due to higher revenues in:
 - Public Parking
 - Rental Cars
 - ADR
 - Ground Transportation
 - Fishing & Operations
 - Conference & Event Centers
- Total Operating expenses are \$25.2M below budget due to:
 - Staffing vacancies
 - DRS Pension True-up credit
 - Project delays

Steady revenue growth since 2014

Non-Airport Net Operating Income Performance



- Non-Airport Operating Revenue exceeded budget by \$15.8M due to:
 - Higher tariff rates
 - More cruise passengers
 - Increased activity in Conference and Event Centers
 - Higher NWSA Distributable Revenue
- Expenses are \$9.2M lower than budget due to:
 - Staffing vacancies
 - Project delays
- Expense growth in 2018 compared to 2017 was driven by adding staff and resources to support Port priorities.

2018 NOI exceeded budget and 2017 actuals

Aviation Division 2018 Financial Performance Report



Aviation Business Events

- Record number of passengers: 49.8 million, +6.2% over 2017
 - Sea-Tac is now 8th busiest U.S. airport
- Welcomed three new international carriers:
 - Aer Lingus to Dublin, Ireland
 - Air France to Paris, France
 - Thomas Cook Airlines to Manchester, England
- Record capital spending of \$579 million
 - Completed and opened Concourse D Hardstand Terminal
- Record Operating Revenues: \$549 million, +10.3%
 - Achieved budget targets for Non-Aero NOI and airline cost management (CPE)

Growth at Sea-Tac Continues

Business Highlights: 2018 Goals

- **Safety:** Below targets:
 - 2018 Airfield Composite Safety Score of 12 vs. goal of 29
 - 2018 Occupational injury rate of 5.9 vs. goal of 4.6
 - 2018 days away severity rate of 90.8 vs. goal of 65.1
- **Innovation & Efficiency:** Achieved goal of at least 2 in each department. Highlights include:
 - SEA Visitor Pass pilot program implemented in Q4
 - Installed dynamic ticket counter signage in Zone 1
 - Completed Lean Lift for traffic congestion, resulting in 41% reduction in stop and go traffic conditions at 0600 on departure drive.
- **Asset Management:** Completed asset management gap assessment in Q3

Challenges with Safety in 2018

Business Highlights: 2018 Goals

- **Social Responsibility:** Mixed results:
 - Achieved Disadvantaged Business Enterprise (DBE) share of total Airport Improvement Project (AIP) funded construction contracts of 15.43% vs. goal of 8%
 - Achieved ACDBE share of ADR gross sales of 19.9% vs. goal of 22%
- **Customer Service:** Below targets. Airport Service Quality scores below 2017 in all 6 categories as result of rapid growth and construction.
- **Environment and Sustainability:**
 - SAF: Commission approved sustainable aviation fuel strategic plan in Q3
 - Sound insulation: 20 homes not insulated, but gained FAA grant to fund work in 2019
 - Stormwater: Completed regional stormwater assessment in Q4

Passenger growth and construction made achievement of customer service targets difficult

Business Highlights: 2018 Goals

- **Financial Performance:** Achieved both goals
 - 2018 Non-aero NOI of \$150 million vs. budget of \$127 million
 - 2018 CPE of \$10.79 vs. adjusted budget of \$11.63
- **Capital Project, Planning & SAMP:** Achieved most milestones:
 - Completed SAMP near term projects scoping for Environmental Review in Q3
 - IAF: Completed design, sterile corridor Pod A, structural steel, bridge foundations
 - NSAT: On track to achieve opening of phase 1A in January 2019
 - Baggage Optimization: Phase 1: completed 74% of construction; Phase 2 completed 90% of design
 - SSAT Renovation: On hold
 - Concourse D Hardstand Terminal: Facility completed, activated and operational
 - Restroom Upgrades: Phase 1 enabling work in construction

Progress on major project milestones

Airport Activity

Passengers



Year-to-date Q4:

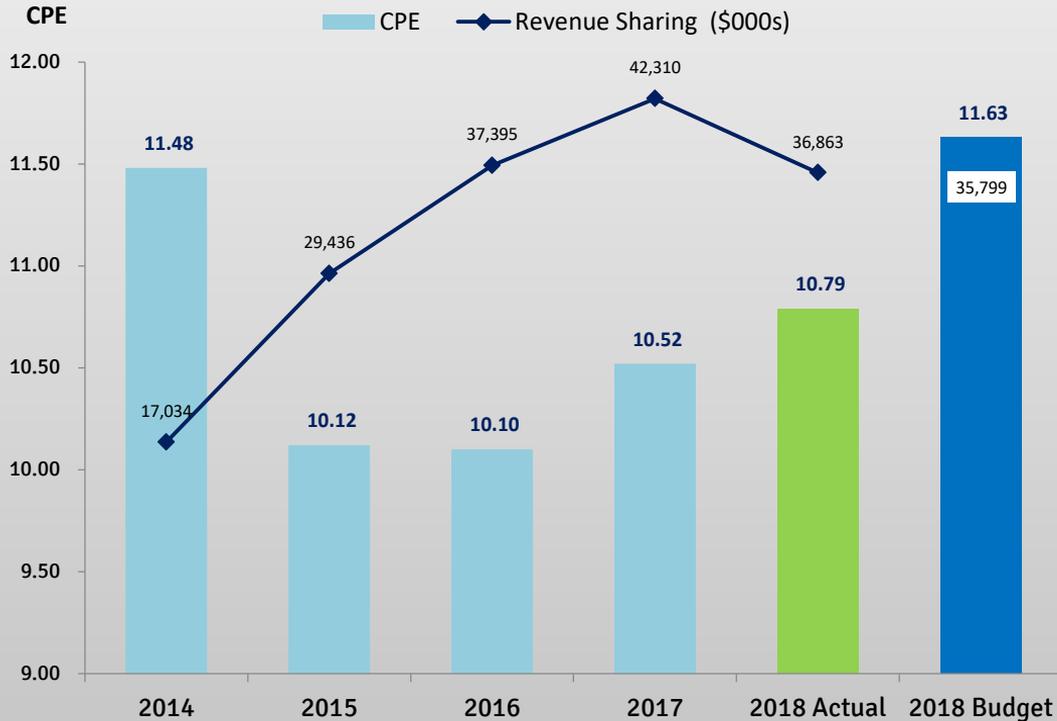
- Passengers +6.2%
- Landed weight +6.8%
- Cargo metric tons +6.3%

Airline Passenger Growth:

- Delta +10.5%
- Alaska +4.6%

Passenger growth ended with 6.2% growth at year end

Airline Cost Management (CPE)

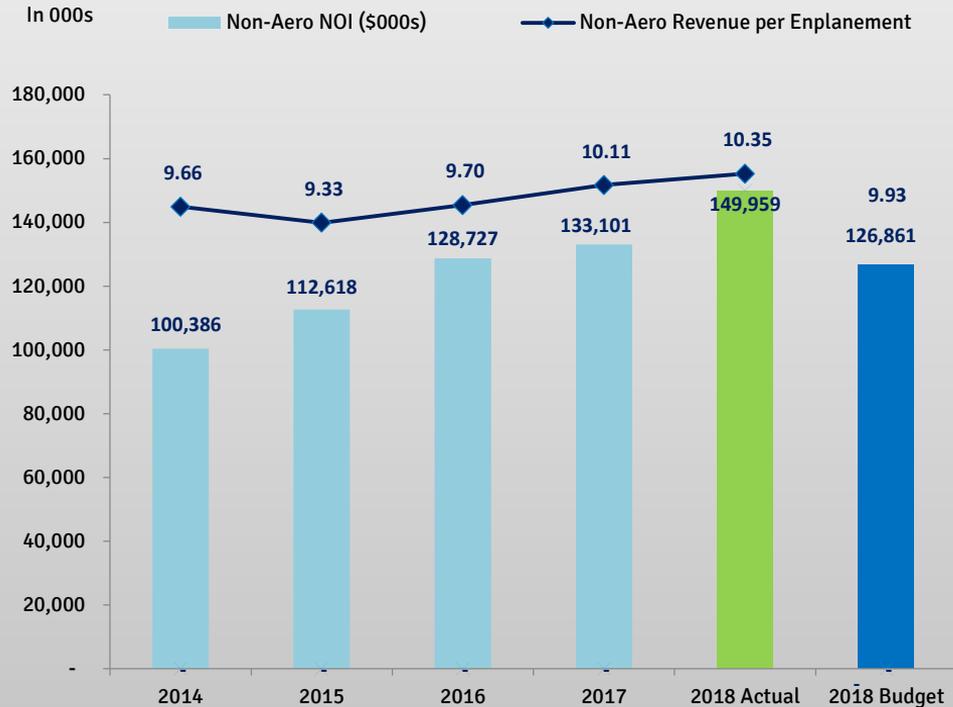


2018 CPE Actual:

- Adjusted for SLOA IV 40% revenue sharing
- CPE Actual is below adjusted budget - primarily driven by increased non-airline revenues generating more revenue sharing, and year-end pension credit adjustment.

CPE below budget driven by increased non-airline revenues generating more revenue sharing

Non-Aeronautical Performance



YTD 2018 vs. 2017:

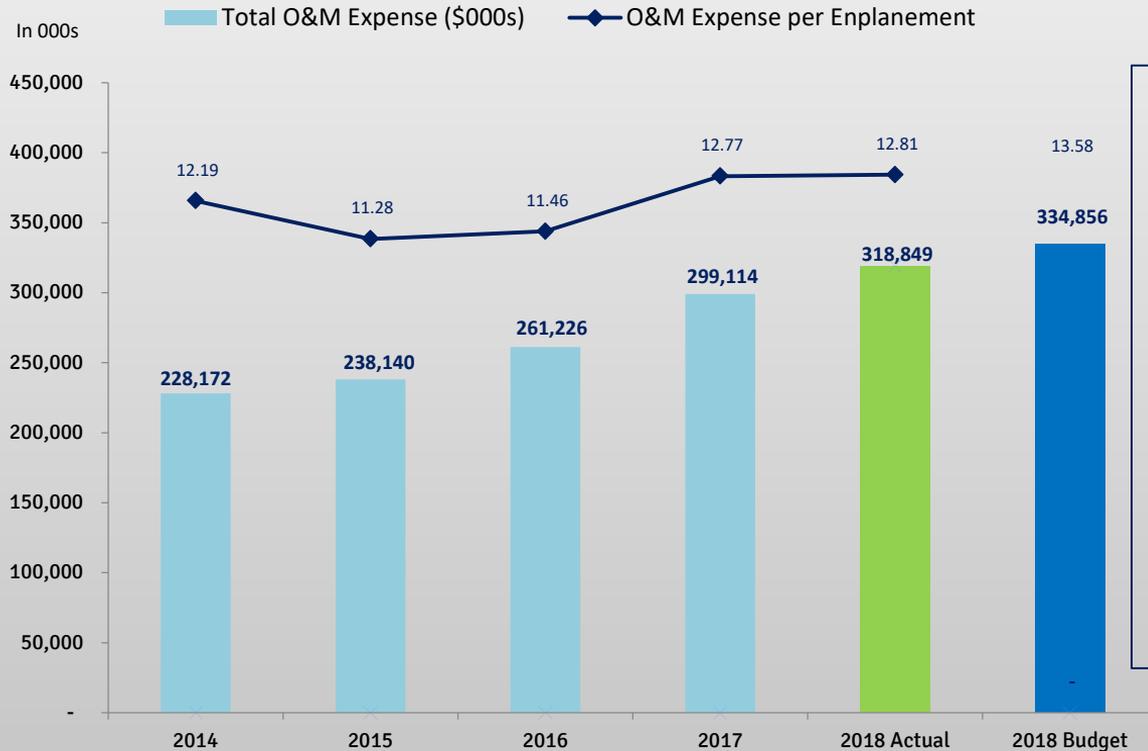
- Revenues +8.8%
- Expenses +3.9%
- NOI +12.7%

Revenue growth:

- Rental car CFC
- Public parking
- ADR
- GT

ADR, parking and TNCs performed better than expected in 2018

Total Operating Expense Performance



2018 Actual to 2018 Budget

Operating Expenses favorable \$16M due to:

- Total Airport Expenses higher by (\$3.7M) primarily due to the following Expense Exceptions:
 - Increase in ERL expense (\$2.2M) primarily due to remediation required for IAF& NSAT mega projects
 - Capital to Expense write-offs (\$6.9M)
 - Partially offset by impact of Pension Credit to Airport \$5.5M.
- Savings from other divisions \$19.7M including schedule delays for planned expense projects. *Note: Impact of Pension Credit to Corporate and other divisions was \$7.2M*

2018 savings/deferrals covering most unplanned expenditures

Capital Spending



2018 Year-End Actual:

- IAF = \$224M
- NSAT = \$169M
- Other = \$186M

Major 2018 Variances:

- IAF = \$101M
- Automated Security Lane = \$15.2M
- NSAT = (\$28.2M)

2018 spending variances primarily due to delayed spending, not project savings

Maritime Division 2018 Financial Performance Report



Business Highlights

216 Homeport Cruise sailings.

1,114,888 Cruise passengers served.

1,643 recreational moorage slips.

4,378,796 metric tons of grain exported.

2,829,294 linear feet of berth occupied by working Maritime Vessels.

10,000 people attended Fishermen's Fall Festival.

Dynamic and complex operations

Business Highlights

2,300 creosote pilings removed

6,000 pounds of oysters installed

33.3 miles of stormwater lines assessed

6 tide gates installed,

8 college interns,

15 high school interns

9 apprentices at Marine Maintenance.

1 Veterans Fellow

2 CPI certified Lean Specialists,

10 Leaders trained in CPI Idea Generation.

Environmental and Workforce Development are significant efforts

Maritime Financial Highlights

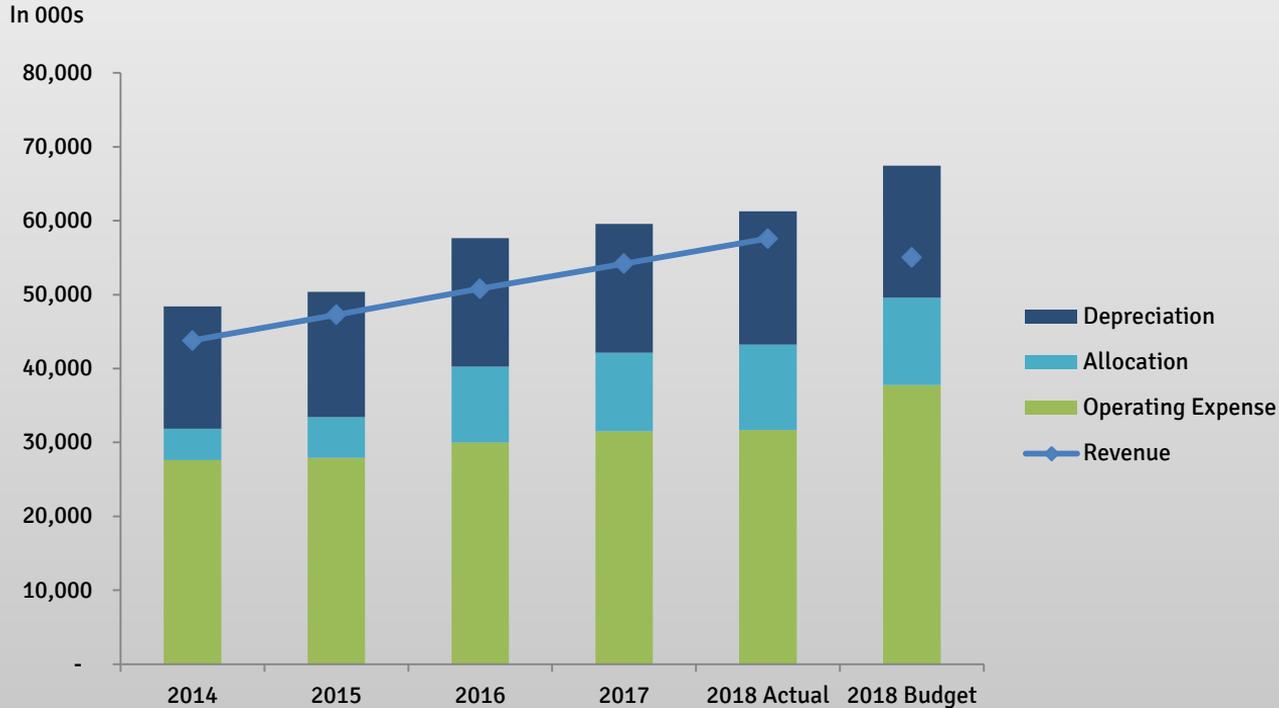
Maritime – 2018 NOI is \$8,848K favorable to budget and \$2,303K or 19% higher than 2017

- Revenue favorable to budget by \$2,522K and \$3,391K or 6% greater than 2017 with significant increases seen in all lines of businesses.
- Expenses favorable to budget by \$6,326K and \$1,088K higher than 2017. Y/Y increase driven primarily by Maintenance, both hourly rates and heavier workload.
- Including Depreciation 2018 Operating Loss (\$3.7M), down from (\$5.4M) in 2017 putting the division on track for 2024 profitability goal.
- 2018 Capital at 54% of budget driven by restroom and paving projects at Shilshole Bay moving spending to 2019.
- Stormwater Utility NOI is \$339K favorable to budget.

	2016 Actual	2017 Actual	2018 Actual	2018 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
					\$	%	\$	%
\$ in 000's								
Total Revenues	50,810	54,183	57,575	55,053	2,522	5%	3,391	6%
Total Operating Expenses	40,384	42,164	43,252	49,578	6,326	13%	1,088	3%
Net Operating Income	10,426	12,020	14,323	5,475	8,848	162%	2,303	19%
Depreciation	17,351	17,410	18,022	17,868	(154)	-1%	612	4%
Net Income	(6,924)	(5,390)	(3,699)	(12,394)	8,695	70%	1,691	31%
Capital Expenditures	5,746	20,489	25,091	46,449	21,358	46%	4,602	22%

Maintaining Port properties while growing Net Income

Maritime Division Financial Trends



Growth from 2017:

- Revenue \$3,391K, 6.3%
- Expenses \$1,088K, 2.6%

Budget Variance Fav./(Unfav.):

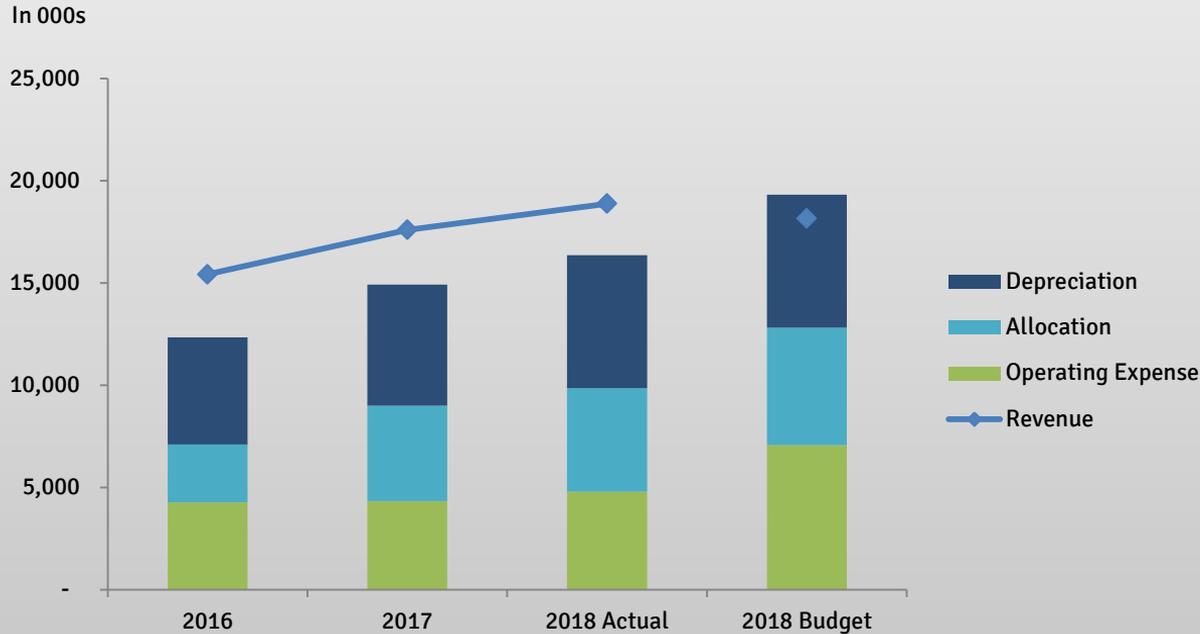
- Revenue \$2,522K, 4.6%
- Expenses \$6,326K, 12.8%

Revenue - Growth strong in every business except grain terminal.

Expenses - Down Y/Y when backing out Salmon Bay Marina and annual pay increases.

Trending to profitability in 2024

Cruise Financial Trends



Growth from 2017:

- Revenue \$1,284K, 7.3%
- Expenses \$854K, 9.5%

Budget Variance Fav./(Unfav.):

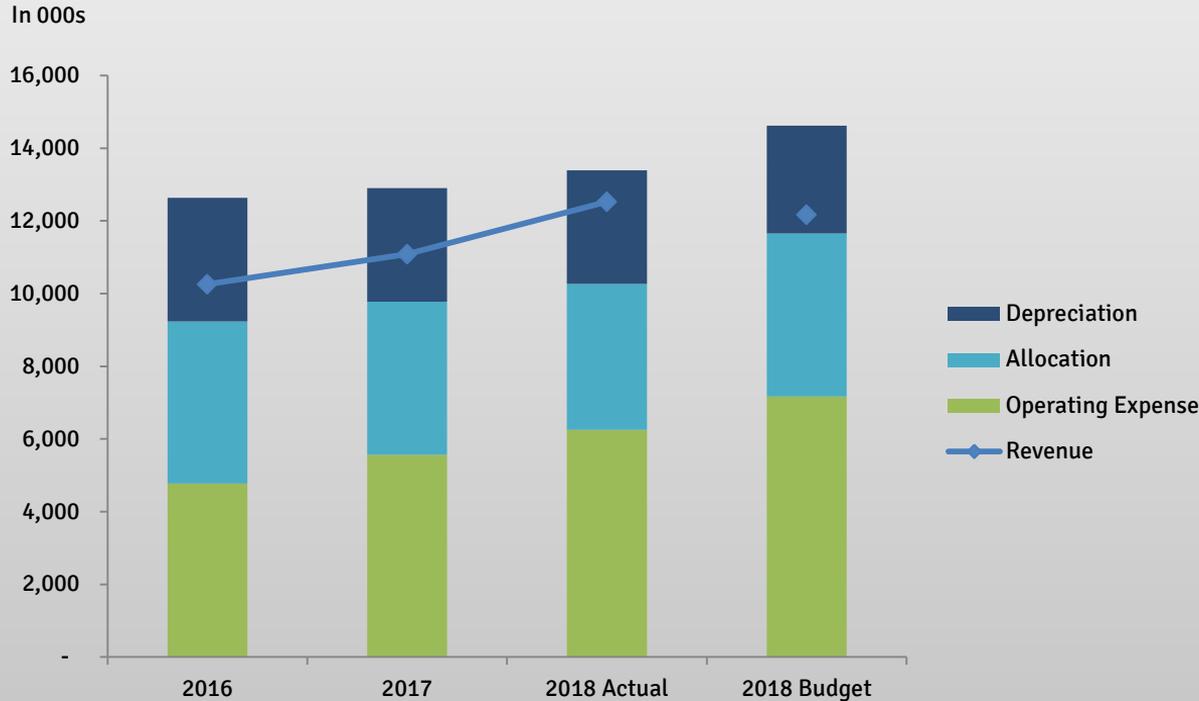
- Revenue \$730K, 4%
- Expenses \$2,967K, 23.1%

Revenue - Growth from tariff increases and bigger ships.

Expenses - Growth from Port Valet Service. Under budget due to lower Port Valet cost and deferred marketing spending.

Cruise continues to be profitable

Recreational Boating Financial Trends



Growth from 2017:

- Revenue \$1,443K, 13%
- Expenses \$486K, 5%

Budget Variance Fav./(Unfav.):

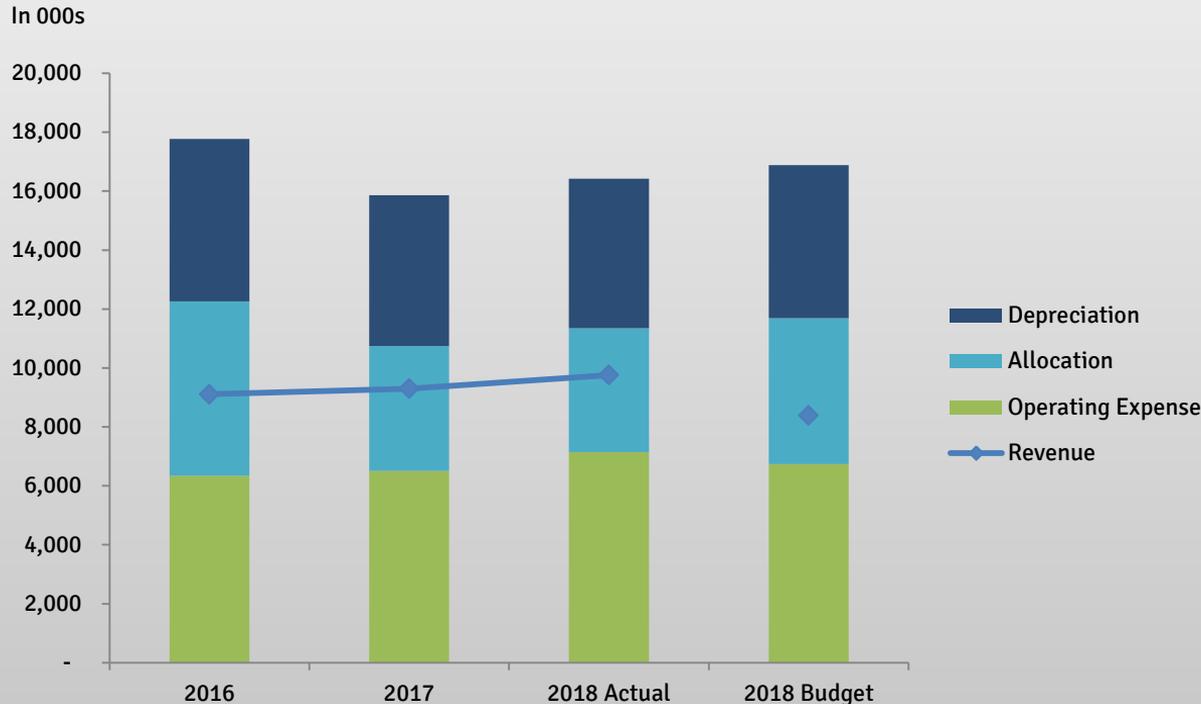
- Revenue \$362K, 3%
- Expenses \$1,394K, 12%

Revenue - Growth from tariff increases and efficiencies improving vacancy rates.

Expenses - Growth driven by Maintenance and Police cost. Recreational boating staff cost lower Y/Y and against budget due to deferred hiring.

Improved efficiency, improved net income

Fishing & Operations Trends



Growth from 2017:

- Revenue \$465K, 5%
- Expenses \$600K, 5.6%

Budget Variance Fav./(Unfav.):

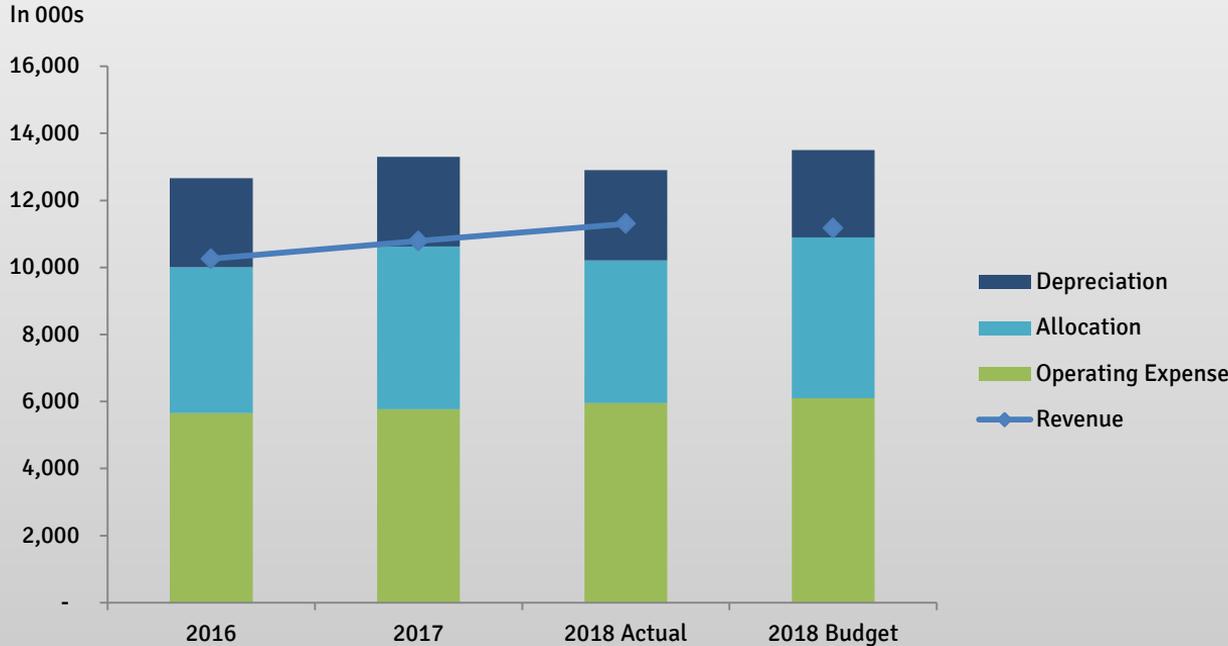
- Revenue \$1,375K, 7.3%
- Expenses \$338K, 9.5%

Revenues – Improved higher backfill of recreational vessels at Fishermen’s Terminal in the summer while fishing boats at sea.

Expenses – Growth driven by higher Maintenance expenses.

Strong financials during Fishermen’s Terminal redevelopment

Maritime Portfolio Management Trends



Growth from 2017:

- Revenue \$518K, 4.8%
- Expenses (\$413K), -3.9%

Budget Variance Fav./(Unfav.):

- Revenue \$136K, 1.2%
- Expenses \$683K, 6.3%

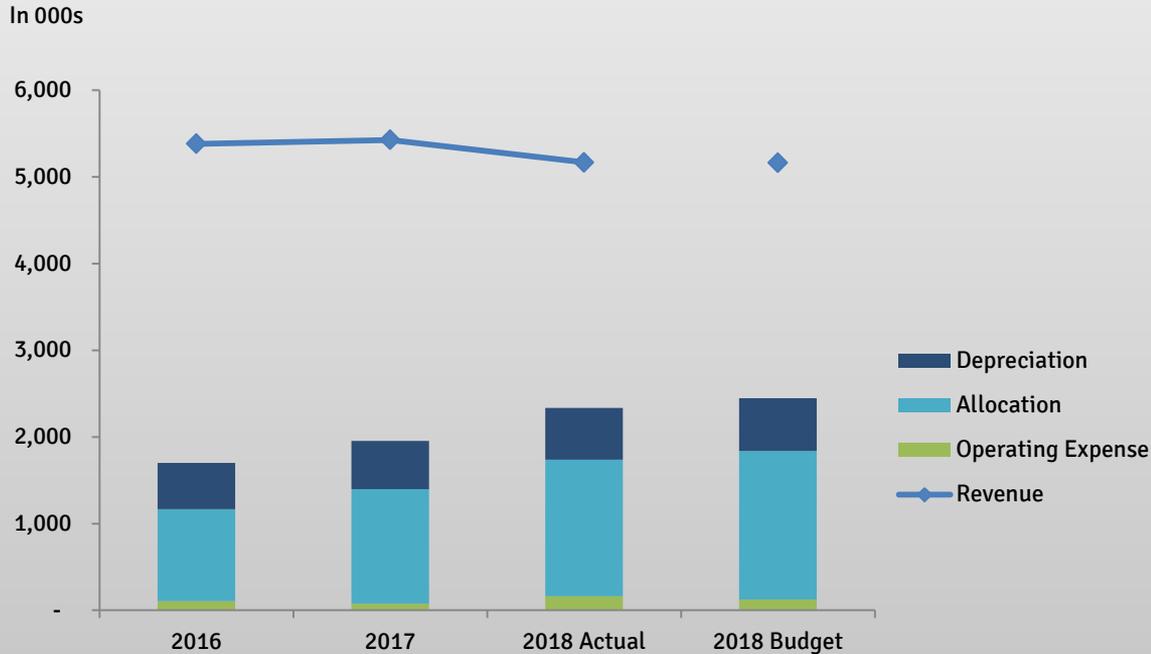
Revenue – Growth from lease renewals and CPI increases.

Expenses – Lower Maintenance and Corporate Allocations than budget and prior year.

Includes uplands of Shilshole Bay Marina, Terminal 91 (Industrial), Fishermen’s Terminal, Maritime Industrial Center, Salmon Bay Marina, T-115, T-108, and T-106

Leasing closer to market and managing costs

Grain Terminal Goal: Net Income Maximized



Growth from 2017:

- Revenue (\$260K), -4.8%
- Expenses \$340K, 24.4%

Budget Variance Fav./(Unfav.):

- Revenue \$4K, 0.1%
- Expenses \$102K, 5.5%

Revenues – Down Y/Y due to tariffs in the 2nd half of the year impacting soybean shipments.

Exceeding budget while navigating tariffs

Economic Development Division 2018 Financial Performance Report



Economic Development Division Business Highlights



Workforce Development

- Participated in Joint RFP for construction worker training and retention services
- The first Port-funded Ironworkers pre-apprenticeship cohort graduated.
- Partnered with the Regional Public Owners group to complete a construction workforce supply demand study
- Planned and held a highly successful Project LIFT event to highlight aviation career opportunities
- Launched an Airport Career Connected Learning partnership with King County International Airport to increase awareness of airport-related career pathways in middle and high schools

Workforce Development initiatives underway

Small Business / Diversity in Contracting

- Established new Diversity in Contracting program by helping divisions establish 2019 WMBE utilization goals and finalizing 2019 internal/external outreach plans
- Offered six PortGen training sessions – over 300 disadvantaged businesses and prime contractors attended these events to learn about Port opportunities
- Staged outreach event at Airport Minority Advisory Council (AMAC) Conference where over 200 primes and WMBE businesses speed dated and discussed partnership opportunities
- Established first ever Disadvantaged Business Enterprise (DBE) race conscious goal airport runway project and achieved 19% DBE utilization

Development of new Small Business policy and related program changes

Tourism

- Conducted 34 travel/media FAMS tours which resulted in \$550K in-kind contributions and \$7.5 million earned media value
- Approved 34 applicants and awarded \$200K to 26 recipients of the 2018 Tourism Marketing Support Program which offers marketing organizations partnering to promote their Washington State destination to out-of-state visitors while promoting the use of Port facilities
- Awarded 72 recipients of the Spotlight Advertising Program which reserves 18 advertising locations at Sea-Tac airport to promote their destinations to 49 million travelers
- Coordinated a China Sales Mission with Holland America Line to promote Alaska cruising and pre/post experiences to cruise tour operators and media

Promoting local destinations and gateway facilities

EDD Partnership Program

- Facilitated 2017-2018 Economic Development Partnership (EDP) Grants and allocated \$950K to 30 cities in King County. \$839K of allocated funds* were used by Cities to support their projects:
 - Approximately \$657K was spent in total match funds* by the 30 participating cities in the 2017-2018 EDP program year, which represents 19% more than the funds allocated initially.
- Half of the participating cities implemented wayfinding projects or projects that support tourism; 12 cities completed marketing projects; 11 cities implemented business assistance, recruitment, or retention projects; and 7 cities conducted planning/feasibility studies.
- The City of Kenmore won the Association of Washington Cities 2018 Municipal Excellence Award in Economic Development for the Kenmore Business Incubator and Business Accelerator training.

* “Allocated funds” and “total match funds” are based on city final reports that were submitted by December 1, 2018. 4 cities still have outstanding invoices that will be submitted to the Port of Seattle for reimbursement.

Continued Economic Development Partnership Program

Real Estate Development

- Broke ground on the Des Moines Creek North development in SeaTac (460,000 sf building)
- Issued RFP for Pier 2 and working with King County water taxi on possible development
- Took possession of Salmon Bay Marina
- Completed study on proposed Maritime Innovation Center
- Prepped several properties for future development:
 - Terminal 106 ground lease
 - Terminal 91 Uplands infrastructure study

Plan for future development projects

Portfolio Management

- With one third of leases rolling over in EDD and Maritime portfolios in 2018, we maintained 94% occupancy with average 11% increase in rates
- Successfully concluded the market rate reset negotiations with Cityice/Lineage Logistics total 9% increase in lease revenue.
- 4.4 million metric tons of grain moved through Terminal 86 in calendar year
- Completed critical Central Waterfront capital and maintenance projects (elevators and HVAC)
- Completed 90% design and submitted permits for Bell Harbor Modernization

Continued high demand for commercial properties

Economic Development Financial Highlights

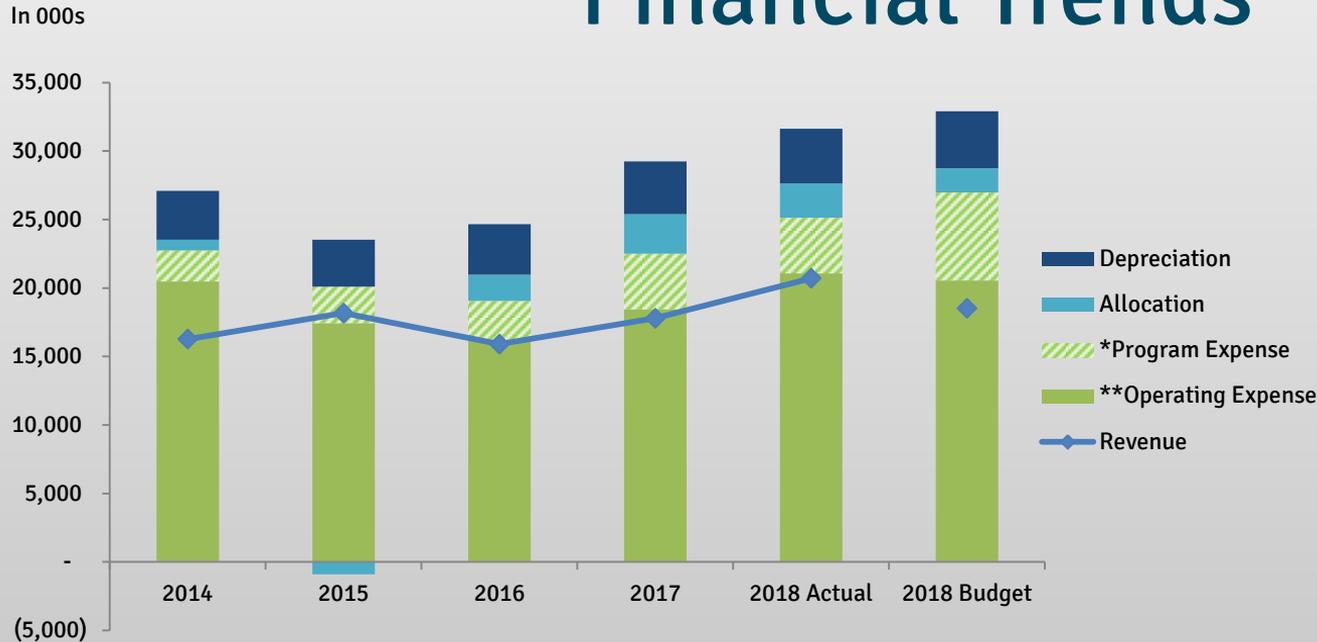
2018 NOI \$3,283K favorable to budget and \$659K greater than 2017

- Revenue favorable to budget by \$2,182K and \$2,914K greater than 2017 driven by favorable volumes at the Conference and Event Centers.
- Expenses favorable to budget by \$1,101K, with underspend in Workforce Development, Police, and Corporate cost offset by increases in Maintenance and Conference and Event Center volume related variable costs. Y/Y expenses up \$2,255K primarily due to increased Conference and Event Center volume.
- EDD spent 34% of capital budget as the P69 solar panels and Bell Harbor International Conference Center modernization project costs moved into 2019.

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Total Revenues	15,902	17,791	20,705	18,522	2,182	12%	2,914	16%
Total Operating Expenses	20,983	25,396	27,651	28,751	1,101	4%	2,255	9%
Net Operating Income	(5,080)	(7,605)	(6,946)	(10,229)	3,283	32%	659	9%
Depreciation	3,682	3,863	3,992	4,156	164	4%	129	3%
Net Income	(8,763)	(11,469)	(10,938)	(14,385)	3,447	24%	531	5%
Capital Expenditures	4,757	3,739	2,066	6,099	4,033	66%	(1,673)	-45%

Growth in Conference and Event Center volumes

Economic Development Division Financial Trends



Growth from 2017:

- Revenue \$2,914K, 16.4%
- Expenses \$2,255K, 8.9%

Budget Variance Fav./(Unfav.):

- Revenue \$2,182K, 11.8%
- Expenses \$1,101K, 3.8%

Revenue – Growth and budget favorability driven by Conference & Event Center volumes.

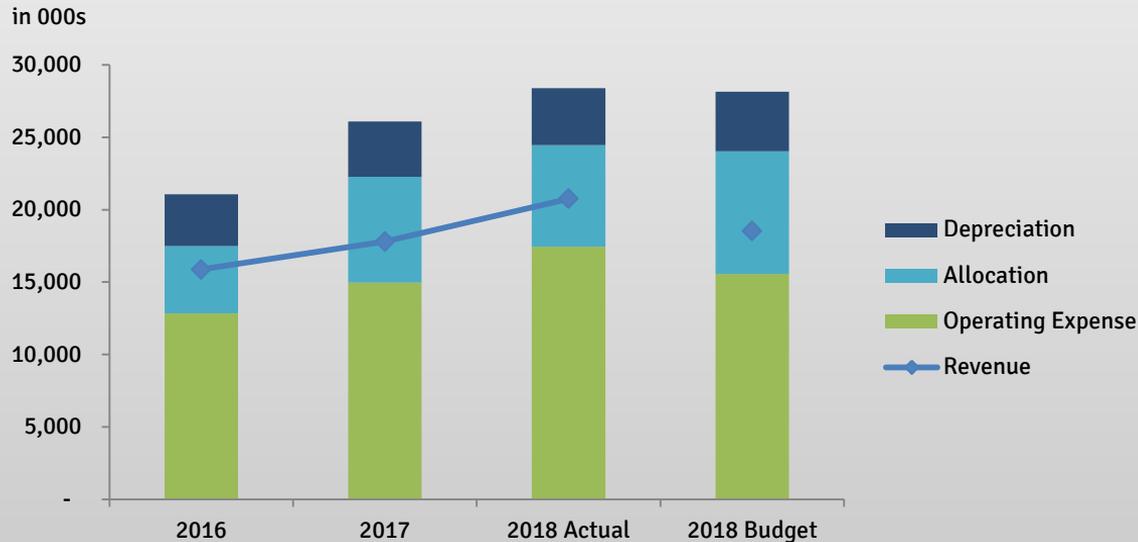
Expenses – Underspend in Program Expense offset by volume related CEC cost.

* Includes Small Business, Tourism, Workforce Development, Real Estate Development, and Economic Development Grants.

** Includes Portfolio Management, Division Management, Facilities, and Other.

Growth in the Conference and Event Center (CEC)

Portfolio Management Trends



Growth from 2017:

- Revenue \$2,959K, 16.6%
- Expenses \$2,181K, 9.8%

Budget Variance Fav./(Unfav.):

- Revenue \$2,242K, 12.1%
- Expenses (\$431K), -1.8%

Conference and Event Center - volumes driving favorable with revenues and unfavorable expenses. Gross Operating Margin \$920K higher than budget at \$2.6M (23% vs. budget of 18%).

Expenses - Maintenance cost at Pier 66 higher than expected from HVAC updates.

Includes non-alliance & upland real-estate at Tsubota, T-91 (General), T-86, P-69, Bell Street Garage, Smith Cove Conference Center, Bell Harbor Conference Center, World Trade Center, Foreign Trade Zone, Pier 2, T-34, and T-102

Increasing margins

Central Services 2018 Financial Performance Report



Central Services Business Highlights

- The Port Commission approved **funds to address the shortage of local construction workers** and to broaden access to training and jobs for underrepresented populations in the industry.
- The Port Commission established policy directives on **Diversity in Contracting, Priority Hire, Construction Labor Practices** in 2018.
- Obtained Congressional authorization for **Seattle Harbor Deepening Project** with the U.S. Army Corps of Engineers.
- Hosted event to celebrate 10 year anniversary of the Port's **Veteran Fellow Program**.
- Completed another successful summer **High School internship** program. Began to develop year-round High School internship program.
- Issued **Intermediate Lien Revenue Bonds** of \$555,564,000 to finance or refinance capital improvements to aviation facilities.
- Received a regional **Food Recovery Challenge Award** from the U.S. Environmental Protection Agency for outstanding accomplishments in preventing and diverting wasted food.

Achieved a number of accomplishments in 2018

Central Services Financial Summary



- Expense growth in 2018 compared to 2017 was driven by:
 - Rent and moving costs to SeaTac Office Center.
 - Higher payroll costs due to merit increase and new FTEs.
 - Other expenses to support Port goals and initiatives and division priorities.
- 2018 Expenses are lower than budget due to:
 - Staffing vacancies
 - DRS pension true-up credit
 - Projects delay and actual savings

Expenses came in \$23.5M favorable to the budget in 2018

Appendix

2018 Financial Performance Report



Portwide Financial Summary

	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
\$ in 000's					\$	%	\$	%
Aeronautical Revenues	244,235	264,114	291,268	301,082	(9,814)	-3.3%	27,154	10.3%
Airport Non-Aero Revenues	221,021	236,803	257,707	244,786	12,921	5.3%	20,904	8.8%
Other Port Operating Revenues	133,211	131,114	140,415	124,612	15,803	12.7%	9,301	7.1%
Total Operating Revenues	598,467	632,031	689,390	670,479	18,910	2.8%	57,359	9.1%
Total Operating Expenses	325,285	372,982	397,638	422,885	25,247	6.0%	24,656	6.6%
NOI before Depreciation	273,182	259,049	291,752	247,594	44,158	17.8%	32,703	12.6%
Depreciation	164,336	165,021	164,362	163,309	(1,053)	-0.6%	(659)	-0.4%
NOI after Depreciation	108,846	94,028	127,390	84,285	43,105	51.1%	33,362	35.5%

Strong financial performance for the Port

Non-Airport Financial Summary

	2016 Actual	2017 Actual	2018 Actual	2018 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
					\$	%	\$	%
\$ in 000's								
NWSA Distributable Revenue	61,584	54,925	55,992	46,647	9,345	20.0%	1,067	1.9%
Maritime Revenues	50,810	54,183	57,575	55,053	2,522	4.6%	3,391	6.3%
EDD Revenues	15,903	17,791	20,705	18,522	2,182	11.8%	2,913	16.4%
SWU & Other	4,914	4,214	6,143	4,390	1,753	39.9%	1,929	45.8%
Total Operating Revenues	133,211	131,114	140,415	124,612	15,803	12.7%	9,301	7.1%
Total Operating Expenses	64,059	73,868	78,789	88,029	9,240	10.5%	4,921	6.7%
NOI before Depreciation	69,152	57,246	61,626	36,583	25,043	68.5%	4,380	7.7%
Depreciation	41,837	40,619	40,159	40,480	320	0.8%	(459)	-1.1%
NOI after Depreciation	27,315	16,628	21,467	(3,897)	25,364	-650.9%	4,839	29.1%

Strong financial performance for the Non-Aviation businesses

Portwide Operating Revenues Summary

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Aeronautical Revenues	244,235	264,114	291,268	301,082	(9,814)	-3.3%	27,154	10.3%
Public Parking	69,540	75,106	80,212	78,572	1,640	2.1%	5,106	6.8%
Rental Cars - Operations	37,082	35,051	37,306	35,294	2,012	5.7%	2,255	6.4%
Rental Cars - Operating CFC	12,122	10,641	16,263	15,563	700	4.5%	5,622	52.8%
Rental Cars - Total	49,203	45,691	53,569	50,857	2,713	5.3%	7,878	17.2%
ADR & Terminal Leased Space	57,253	58,980	64,323	59,087	5,236	8.9%	5,343	9.1%
Ground Transportation	12,803	15,684	18,772	16,884	1,888	11.2%	3,088	19.7%
Employee Parking	9,329	9,617	10,269	9,457	813	8.6%	652	6.8%
Airport Commercial Properties	9,992	18,042	15,434	14,706	727	4.9%	(2,608)	-14.5%
Airport Utilities	7,233	7,018	7,206	7,556	(350)	-4.6%	189	2.7%
Clubs and Lounges	3,028	5,041	6,802	5,630	1,171	20.8%	1,761	34.9%
Cruise	15,422	17,596	18,880	18,150	730	4.0%	1,284	7.3%
Recreational Boating	10,255	11,086	12,529	12,166	362	3.0%	1,443	13.0%
Fishing & Operations	9,108	9,297	9,763	8,388	1,375	16.4%	465	5.0%
Grain	5,382	5,427	5,167	5,163	4	0.1%	(260)	-4.8%
Maritime Portfolio Management	10,255	10,787	11,305	11,169	136	1.2%	518	4.8%
Central Harbor Management	6,920	8,634	9,018	8,951	66	0.7%	384	4.4%
Conference & Event Centers	8,022	9,133	11,703	9,537	2,166	22.7%	2,570	28.1%
NWSA Distributable Revenue	61,584	54,925	55,992	46,647	9,345	20.0%	1,067	1.9%
Other	8,902	5,854	7,177	6,477	700	10.8%	1,324	22.6%
Total Operating Revenues (w/o Aero)	354,232	367,917	398,122	369,398	28,724	7.8%	30,205	8.2%
TOTAL	598,467	632,031	689,390	670,479	18,910	2.8%	57,359	9.1%

Operating revenues exceeded budget by \$18.9M

Portwide Operating Expense Summary

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Salaries & Benefits	102,873	112,837	127,575	135,982	8,407	6.2%	14,738	13.1%
Wages & Benefits	99,917	108,041	108,381	122,544	14,163	11.6%	340	0.3%
Payroll to Capital Projects	21,744	25,708	28,329	28,964	635	2.2%	2,621	10.2%
Equipment Expense	7,106	11,118	10,622	8,212	(2,411)	-29.4%	(495)	-4.5%
Supplies & Stock	8,792	10,238	10,781	8,800	(1,981)	-22.5%	542	5.3%
Outside Services	70,116	83,603	99,885	112,292	12,407	11.0%	16,282	19.5%
Utilities	21,123	23,529	25,552	24,219	(1,334)	-5.5%	2,024	8.6%
Travel & Other Employee Expenses	4,200	4,767	4,848	6,398	1,550	24.2%	81	1.7%
Promotional Expenses	1,178	1,408	1,956	2,341	385	16.4%	548	38.9%
Other Expenses	25,118	36,483	31,911	28,045	(3,867)	-13.8%	(4,572)	-12.5%
Charges to Capital Projects	(36,880)	(44,750)	(52,203)	(54,910)	(2,707)	4.9%	(7,453)	16.7%
TOTAL	325,285	372,982	397,638	422,885	25,247	6.0%	24,656	6.6%

- Payroll expenses were \$22.5M below budget due to staffing vacancies and a \$15.6M DRS Pension True-up credit.
- Outside Services were \$12.4M favorable to budget due to timing of spending, project delays, and some actual savings.
- Equipment Expense was \$2.4M over budget due to more equipment rental and office move.
- Utilities Expense was \$1.3M over budget mainly due to higher Surface Water Utility cost.

Operating expenses were \$25.2M below budget

Comprehensive Financial Summary

(\$ in 000's)	2016 Actual	2017 Actual	2018 Actual	2018 Budget	Fav (UnFav) Budget Variance		Explanation
					\$	%	
Revenues							
1. Operating Revenues	598,467	632,031	689,390	670,479	18,910	2.8%	See details in the previous slides
2. Tax Levy	71,678	71,702	71,771	72,000	(229)	-0.3%	In line with budget
3. PFCs	85,570	88,389	94,070	91,787	2,283	2.5%	Higher enplanements and PFC eligible enplanements
4. CFCs	24,715	25,790	21,802	22,161	(359)	-1.6%	In line with budget
5. Fuel Hydrant	6,992	7,000	6,942	7,023	(82)	-1.2%	In line with budget
6. Non-Capital Grants & Donations	6,284	6,705	1,573	5,504	(3,931)	-71.4%	Less DOE grants than budgeted
7. Capital Contributions	18,108	30,112	43,650	41,379	2,271	5.5%	Tiger grant construction spending was lower than anticipated
8. Interest Income	8,448	12,174	26,287	15,713	10,573	67.3%	Budget did not include interest earnings on new bond proceeds
Total	820,262	873,902	955,484	926,047	29,438	3.2%	
Expenses							
1. O&M Expense	325,285	372,982	397,638	422,885	25,247	6.0%	See details in the previous slides
2. Depreciation	164,336	165,021	164,362	163,309	(1,053)	-0.6%	More new assets came into services
3. Revenue Bond Interest Expense	105,567	97,748	100,432	122,544	22,111	18.0%	Savings from new bonds and lower cost of issuance than budgeted
4. GO Bond Interest Expense	9,765	13,891	13,414	13,501	88	0.6%	In line with budget
5. PFC Bond Interest Expense	5,251	4,931	4,368	4,437	69	1.5%	In line with budget
6. Public Expense	8,560	4,588	5,269	10,794	5,525	51.2%	Safe & Swift and Heavy Haul did not take place as budgeted
7. Non-Op Environmental Expense	280	4,464	10,600	2,250	(8,350)	-371.1%	ERL increase primarily from T91 and Lower Duwamish Superfund
8. Other Non-Op Rev/Expense	12,087	10,441	3,217	473	(2,744)	-580.5%	Mainly due to loss sale of assets
Total	631,131	674,066	699,299	740,193	40,893	5.5%	
Special Item	147,700	-	34,923	-	(34,923)	0.0%	T25 NRD restoration project
Retro Adjustment to Net Position	-	-	2,736	-	(2,736)	0.0%	GASB 75 Retro Adj to OPEB Life
Increase In Net Position	41,431	199,836	218,526	185,854	32,673	17.6%	

Strong financial performance for the Port

Capital Spending by Division

\$ in 000's	2017	2018	2018	Budget Variance	
	Actual	Actual	Budget	\$	%
Aviation	294,497	579,135	795,883	216,748	27.2%
Maritime	20,489	25,091	46,449	21,358	46.0%
Economic Development	3,739	2,066	6,099	4,033	66.1%
Central Services & Other (note 1)	5,798	11,456	26,779	15,323	57.2%
TOTAL	324,523	617,748	875,210	257,462	29.4%

Note:

(1) "Other" includes \$1.7M Stormwater Utility capital projects.

2018 capital spending was \$617.7M

Aviation Division Appendix



Airport Activity

	2016	2017	2018	% Change from 2017
Total Passengers (000's)				
Domestic	40,871	41,804	44,422	6.3%
International	4,866	5,130	5,428	5.8%
Total	45,737	46,935	49,850	6.2%
Operations	412,170	416,124	438,391	5.4%
Landed Weight (In Millions of lbs.)				
Cargo	1,888	2,323	2,471	6.4%
All other	25,387	26,107	27,879	6.8%
Total	27,276	28,431	30,350	6.8%
Cargo - Metric Tons				
Domestic freight	194,754	242,271	241,397	-0.4%
International freight	114,350	123,934	133,274	7.5%
Mail	57,326	59,651	57,644	-3.4%
Total	366,430	425,856	432,315	1.5%

Passenger Activity

Airline	Change 2017 v. 2018	2018 Market Share
Alaska	4.6%	48.9%
Delta	10.5%	23.1%
United	6.0%	6.4%
Southwest	2.3%	6.4%
American	1.7%	5.6%

Q4 2018:

Passengers

- YTD passenger growth of 6.2% tracking well ahead of 2018 budget based on 5.0% growth.
- Top five carriers all growing vs. 2017

2018 total passenger growth of 6.2%

Aviation Financial Summary

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Operating Revenues:								
Gross Aeronautical Revenues	247,811	267,690	291,268	301,082	(9,814)	-3.3%	23,578	8.8%
SLOA III Incentive Straight Line Adj ⁽¹⁾	(3,576)	(3,576)	-	-	-	0.0%	3,576	-100.0%
Aeronautical Revenues	244,235	264,114	291,268	301,082	(9,814)	-3.3%	27,154	10.3%
Non-Aeronautical Revenues	221,021	236,803	257,707	244,786	12,921	5.3%	20,904	8.8%
Total Operating Revenues	465,256	500,916	548,975	545,867	3,107	0.6%	48,058	9.6%
Total Operating Expense	261,226	299,114	318,849	334,856	16,007	4.8%	19,735	6.6%
Net Operating Income	204,030	201,802	230,126	211,011	19,114	9.1%	28,324	14.0%
Capital Expenditures	153,887	293,785	579,135	796,200	217,065	27.3%	285,350	97.1%

(1) Annual non-cash amortization of \$17.9M lease incentive related to the 5 year SLOA III agreement which ended in 2017.

2018 Actual NOI \$19.1M favorable to budget

Key Performance Measures

	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)		
	Actual	Actual	Actual	Budget	Budget Vairance		Change from 2017		
					\$	%	\$	%	
Key Performance Metrics									
Cost per Enplanement (CPE)	10.10	10.52	10.79	11.63	0.84	7.2%	0.26	2.5%	
Non-Aeronautical NOI (in 000's)	128,727	133,101	149,959	126,607	23,352	18.4%	16,858	12.7%	
Other Performance Metrics									
O&M Cost per Enplanement	11.46	12.77	12.81	13.58	0.77	5.7%	0.03	0.3%	
Non-Aero Revenue per Enplanement	9.70	10.11	10.35	9.93	0.42	4.3%	0.24	2.4%	
Debt per Enplanement (in \$)	104	114	133	116	(17)	-14.8%	19	16.3%	
Debt Service Coverage	1.53	1.57	1.66	1.51	0.15	9.7%	0.08	5.3%	
Days cash on hand (10 months = 304 days)	416	379	235	304	-69	-22.6%	(144)	-37.9%	
Aeronautical Revenue Sharing (\$ in 000's)	(37,395)	(42,311)	(36,863)	(35,799)	(1,065)	-3.0%	5,447	12.9%	
Activity (in 000's)									
Enplanements	22,796	23,416	24,894	24,654	240	1.0%	1,479	6.3%	

2018 Actual vs. 2018 Budget

Key Performance Metrics

CPE:

- CPE – Impacted by SLOA IV reduction in Revenue Sharing to 40% from 50%
- 2018 Actual CPE of 10.79 is favorable to Adjusted Budget CPE of \$11.63 (Original budget \$11.35, adjusted consistent with revenue sharing from SLOA IV) driven by increased non-airline revenues generating more revenue sharing

Non-Aero NOI:

- Non-Aero NOI growth due to both higher Non-Aero Revenue and lower Operating Expenses primarily due to schedule delays

Positive: Non-aero NOI above budget. CPE below adjusted budget.

Aviation Expense YE Summary

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Operating Expenses:								
Payroll	101,879	114,463	125,341	132,156	6,815	5.2%	10,878	9.5%
Outside Services	37,863	41,055	47,638	52,532	4,895	9.3%	6,583	16.0%
Utilities	14,690	16,374	18,237	17,320	(918)	-5.3%	1,864	11.4%
Other Airport Expenses	20,655	28,292	25,125	19,776	(5,349)	-27.0%	(3,168)	-11.2%
Total Airport Direct Charges	175,087	200,184	216,341	221,784	5,443	2.5%	16,157	8.1%
Environmental Remediation Liability	4,463	8,812	6,233	4,030	(2,203)	-54.7%	(2,579)	-29.3%
Capital to Expense	129	2,856	6,891	-	(6,891)	0.0%	4,035	141.3%
Total Exceptions	4,592	11,668	13,124	4,030	(9,094)	-225.7%	1,456	12.5%
Total Airport Expenses	179,679	211,852	229,465	225,814	(3,651)	-1.6%	17,613	8.3%
Police Costs	18,183	17,652	19,231	22,174	2,944	13.3%	1,579	8.9%
Capital Development	9,319	14,701	12,607	23,092	10,485	45.4%	(2,094)	-14.2%
Other Central Services	50,099	51,004	53,121	58,265	5,144	8.8%	2,117	4.1%
Maritime/Economic Development	3,946	3,904	4,425	5,511	1,086	19.7%	520	13.3%
Total Charges from Other Divisions	81,547	87,262	89,384	109,042	19,658	18.0%	2,122	2.4%
Total Operating Expense	261,226	299,114	318,849	334,856	16,007	4.8%	19,735	6.6%
Net Operating Income	204,030	201,802	230,126	211,011	19,114	9.1%	28,324	14.0%

2018 Actual to 2018 Budget

Operating Expenses favorable \$16M due to:

- Total Airport Expenses higher by (\$3.7M) primarily due to the following Expense Exceptions:
 - Increase in ERL expense (\$2.2M) primarily due to remediation required for IAF& NSAT mega projects
 - Capital to Expense write-offs (\$6.9M)
 - Partially offset by impact of Pension Credit to Airport \$5.5M.
- Savings from other divisions \$19.7M including schedule delays for planned expense projects. *Note: Impact of Pension Credit to Corporate and other divisions was \$7.2M*

Unplanned expenses mostly absorbed by cost savings

Impact of 2018 Special Items

	2018 Actual	CPE Impact of excluding Special Items
2018 Special Items \$ in 000's		
Pension Credit		0.401
Credit to Airport	(5,502)	
Credit to Corporate	(7,226)	
Capital Write-offs	6,891	(0.243)
IAF RMM (Soil & Asbestos)	3,802	(0.133)
Total	(2,035)	0.026

	2018 Actual	Special Items Impact \$ in 000s	2018 W/O Special Items	2018 Budget
\$ in 000's				
Total Operating Expenses	318,849	2,035	320,884	334,856
Revenue Sharing Impact	36,863	(919)	35,944	35,799
Non-Aero NOI	149,959	(2,299)	147,660	126,861
CPE	10.79	0.026	10.81	11.63

The following items impacted the CPE and Non-Aero NOI:

- Year-End Credit Pension Adjustment for \$12.7M which impacted the CPE *lower* by approximately \$0.40
- Capital to Expense Write-offs for \$5.2M which impacted the CPE *higher* by approximately \$0.24
- IAF RMM (Soil & Asbestos) for \$3.8M which impacted the CPE *higher* by approximately \$0.13

In other words, without the impact of these Special Items the CPE is estimated to be at 10.81 vs 10.79

Breakdown of the impact of 2018 Special Items

Aeronautical Business YE

	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
\$ in 000's					\$	%	\$	%
Revenues:								
Movement Area	94,725	108,638	116,703	125,422	(8,720)	-7.0%	8,064	7.4%
Apron Area	14,028	16,771	15,627	15,979	(352)	-2.2%	(1,144)	-6.8%
Terminal Rents	155,852	155,431	169,318	171,854	(2,536)	-1.5%	13,888	8.9%
Federal Inspection Services (FIS)	11,227	18,612	16,226	13,413	2,813	21.0%	(2,386)	-12.8%
Total Rate Base Revenues	275,832	299,452	317,874	326,668	(8,794)	-2.7%	18,422	6.2%
Commercial Area	9,379	10,574	10,257	10,212	45	0.4%	(317)	-3.0%
Subtotal before Revenue Sharing	285,211	310,026	328,131	336,880	(8,749)	-2.6%	18,106	5.8%
Revenue Sharing	(37,395)	(42,311)	(36,863)	(35,799)	(1,065)	-3.0%	5,447	12.9%
Other Prior Year Revenues	(5)	(26)	-	-	-	0.0%	26	100.0%
Total Aeronautical Revenues	247,811	267,690	291,268	301,082	(9,814)	-3.3%	23,578	8.8%
Total Aeronautical Expenses	168,932	195,414	211,101	216,931	5,830	2.7%	15,688	8.0%
Net Operating Income	78,879	72,276	80,167	84,151	(3,984)	-4.7%	7,891	10.9%
Debt Service ⁽¹⁾	(89,130)	(86,564)	(91,673)	(90,323)	(1,350)	-1.5%	(5,109)	-5.9%
Net Cash Flow	(10,251)	(14,288)	(11,506)	(6,173)	(5,333)	-86.4%	2,782	19.5%

(1) 2018 Budget debt service amount inadvertently understated by the \$2.1M debt service exclusion adjustment which impacts Aero Rate Based Revenues only. Total 2018 Aeronautical debt service obligation is reflected in the 2018 Forecast column.

2018 Actual to Budget

Revenue - \$8.8M unfavorable

- Rate based revenue \$8.8 M lower–driven primary by decreases in Debt Service flowing through Rates in the Movement and Terminal Rents areas.
- Revenue sharing \$1M – higher primarily driven by lower revenue requirement as a result of pension credit

Expenses – \$5.8M favorable

- Driven primarily by the \$12.7 M Pension Year End credit adjustment, which absorbed increased costs in Capital to Expenses.

Higher Aeronautical revenues due to lower revenue sharing percentage

Aero Cost Drivers

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
O&M	165,427	192,188	206,076	210,433	(4,357)	-2.1%	13,888	7.2%
Debt Service Gross	118,641	113,832	115,419	120,555	(5,135)	-4.3%	1,588	1.4%
Debt Service PFC Offset	(32,831)	(33,057)	(32,987)	(33,015)	28	-0.1%	70	-0.2%
Amortization	28,215	29,654	32,371	32,373	(2)	0.0%	2,717	9.2%
Space Vacancy	(2,638)	(2,264)	(2,132)	(2,650)	518	-19.5%	132	-5.8%
TSA Operating Grant and Other	(982)	(901)	(873)	(1,028)	155	-15.1%	28	-3.1%
Rate Base Revenues	275,832	299,452	317,874	326,668	(8,794)	-2.7%	18,422	6.2%
Commercial area	9,379	10,574	10,257	10,212	45	0.4%	(317)	-3.0%
Total Aero Revenues	285,211	310,026	328,131	336,880	(8,749)	-2.6%	18,106	5.8%

(1) O&M, Debt Service Gross, and Amortization do not include commercial area costs or the international incentive expenses

2018 Actual to 2018 Budget

- O&M cost driver of overage is due to Environmental Remediation Liability (\$3.1M)
- Debt Service - \$5.1M lower due to increased debt service exclusions from rate base due to project delays - NS NSAT Renov (\$1.1M), Concourse D Hardstand Holdroom (\$940K), Holdroom Seatings for Con. B & C (\$312K), Terminal Security Enhancements (\$201K) and increased interest on reserve fund (\$574K) and savings from commercial paper interest (\$687K)

Aero rate base revenues based on cost recovery formulas

Aero Revenue Sharing

	2016 Actual	2017 Actual	2018 Actual	2018 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
					\$	%	\$	%
\$ in 000's								
Aero Revenues (incl' commercial)	285,211	310,026	328,131	336,880	(8,749)	-2.6%	18,106	5.8%
Non-Aeronautical Revenues	221,021	236,803	257,707	244,786	12,921	5.3%	20,904	8.8%
Total O&M Expenses	(261,226)	(299,114)	(318,849)	(334,612)	15,763	-4.7%	(19,735)	6.6%
Net Operating Income	245,006	247,714	266,989	247,054	19,935	8.1%	19,275	7.8%
ADF Interest Income	3,725	4,242	3,752	4,127	(375)	-9.1%	(490)	-11.5%
Security Checkpoint TSA Grant	916	1,039	1,001	1,028	(27)	-2.6%	(38)	-3.6%
Misc. Non-Operating Expenses	(2,481)	(1,799)	(1,586)	(750)	(837)	111.7%	213	-11.8%
CFC Excess	(4,899)	(2,750)	(7,724)	(7,142)	(582)	8.1%	(4,974)	180.9%
Available for Debt Service	242,267	248,446	262,433	244,318	18,114	7.4%	13,987	5.6%
Debt Service	133,982	131,060	136,218	138,177	(1,958)	-1.4%	5,159	3.9%
Debt Service x 1.25	167,477	163,825	170,273	172,721	(2,448)	-1.4%	6,448	3.9%
Available for revenue sharing	74,790	84,621	92,159	71,597	20,562	28.7%	7,539	8.9%
Revenue Sharing	37,395	42,310	36,864	35,799	1,065	3.0%	(5,447)	-12.9%

Lower revenue sharing percentage due to SLOA IV (40%)

Non-Aeronautical Business YE

	2016 Actual	2017 Actual	2018 Actual	2018 Budget	Fav (UnFav) Budget Variance		Incr (Decr) Change from 2017	
					\$	%	\$	%
\$ in 000's								
Non-Aero Revenues								
Rental Cars - Operations	37,082	35,051	37,306	35,294	2,012	5.7%	2,255	6.4%
Rental Cars - Operating CFC	12,122	10,641	16,263	15,563	700	4.5%	5,622	52.8%
Public Parking	69,540	75,106	80,212	78,572	1,640	2.1%	5,106	6.8%
Ground Transportation	12,803	15,684	18,772	16,884	1,888	11.2%	3,088	19.7%
Airport Dining & Retail & Leased Space	57,253	58,980	64,323	59,087	5,236	8.9%	5,343	9.1%
Commercial Properties	9,992	18,042	15,434	14,706	727	4.9%	(2,608)	-14.5%
Utilities	7,233	7,018	7,206	7,556	(350)	-4.6%	189	2.7%
Employee Parking	9,329	9,617	10,269	9,457	813	8.6%	652	6.8%
Clubs and Lounges	3,028	5,041	6,802	5,630	1,171	20.8%	1,761	34.9%
Other	2,639	1,624	1,119	2,036	(917)	-45.0%	(505)	-31.1%
Total Non-Aero Revenues	221,021	236,803	257,707	244,786	12,921	5.3%	20,904	8.8%
Total Non-Aero Expenses	92,294	103,702	107,748	117,925	10,177	8.6%	4,046	3.9%
Net Operating Income	128,727	133,101	149,959	126,861	23,098	18.2%	16,858	12.7%
Less: CFC (Surplus) / Deficit ⁽¹⁾	(4,899)	(2,750)	(7,724)	(7,142)	(582)	-8.1%	(4,974)	-180.9%
Adjusted Non-Aero NOI	123,828	130,351	142,235	119,719	22,516	18.8%	11,884	9.1%
Debt Service ⁽¹⁾	(43,984)	(44,495)	(44,545)	(45,752)	1,207	2.6%	(50)	-0.1%
Net Cash Flow	79,844	85,856	97,690	73,967	23,723	32.1%	11,834	13.8%

(1) CFC excess and Debit service are forecasted/budgeted on an annual basis only. Thus, quarterly data is not available.

2018 Actual to 2018 Budget

Revenue – favorable \$12.9M

- Airport Dining & Retail – strong performance despite unit closures for lease transition.
- Ground Transportation – continued strong growth in TNC activity
- Public Parking – strong growth in 1+ day transactions

Expenses – favorable \$11.5M

- Savings from other Divisions - Delays for ADR tenant buildouts and other Terminal projects
- Payroll savings – due to Non-Aero share of pension credit, in addition to savings from staffing vacancies.
- Unplanned expenses absorbed by above savings include peak contract staffing support, SP Plus taxi curbside service Landside honey bucket cost, and lower payroll charges to capital.

\$24.4M NOI growth due to both higher revenues and deferred expenses

Public Parking Performance YE

Public Parking - Revenue Detail \$ in 000's	2016	2017	2018	2018	Fav / (UnFav)		Incr / (Decr)	
	Actual	Actual	Actual	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Parking Garage Revenue to Port								
Gross Sales - Parking Garage	73,707	81,404	86,974	87,112	(139)	-0.2%	5,569	6.8%
less - WA Sales Tax	(6,081)	(6,818)	(7,248)	(7,102)	(145)	2.0%	(430)	6.3%
less - SeaTac Parking Tax	(4,212)	(6,563)	(7,251)	(7,196)	(55)	0.8%	(688)	10.5%
Revenue to Port - General Parking	63,414	68,024	72,476	71,022	1,454	2.0%	4,452	6.5%
Other Garage Revenue Programs								
Corporate Premier Parking Program	594	958	1,225	976	250	25.6%	268	28.0%
Passport Parking Program	2,749	2,990	3,219	3,356	(137)	-4.1%	229	7.7%
Revenue to Port - Parking Programs	3,344	3,947	4,444	4,331	113	2.6%	497	12.6%
Total Parking Garage Revenue	66,758	71,971	76,920	75,353	1,567	2.1%	4,949	6.9%
Other Parking Revenue								
Concession Rent - Doug Fox off-site parking	2,751	3,109	3,238	3,200	38	1.2%	129	4.2%
Space Rent and Other Parking Revenue	32	25	53	19	35	182.1%	28	111.2%
Total Parking Revenue	69,540	75,106	80,212	78,572	1,640	2.1%	5,106	6.8%

Parking Transactions by duration in 000's	2016	2017	2018	2018	Fav / (UnFav)		Incr / (Decr)	
	Actual	Actual	Actual	Budget	Budget	Variance	Change from 2017	
					\$	%	\$	%
Parking < 1 day	1,646	1,623	1,612	1,639	(26)	-1.6%	(11)	-0.7%
Parking 1+ days	677	684	734	690	44	6.4%	51	7.4%
Total Parking Transactions	2,323	2,307	2,346	2,329	18	0.8%	40	1.7%

Total Enplanements	22,796	23,416	24,894	24,654	240	1.0%	1,479	6.3%
O&D %	69.4%	70.3%	70.3%	69.2%	1.1%	1.6%	-	0.0%
O&D Enplanements	15,821	16,461	17,501	17,061	440	2.6%	1,040	6.3%
Garage Revenue per O&D Enplanement	\$ 4.22	\$ 4.37	\$ 4.40	\$ 4.42	\$ (0.02)	-0.5%	\$ 0.02	0.5%

Key message:

- Parking revenue growth primarily driven by rate increase. Overall growth in parking transactions is slower than growth in O&D enplanements.

2018 Actuals vs. 2017 Actuals

- Revenue - Increase compared to prior year, primarily due to tariff rate increase in effect full year 2018 (rate increase effective April 2017).
- Transactions - Increase in total parking transactions reflects slower growth rate than the growth in O&D enplanements, and reflects impact of increasing number of transportation alternatives available to passengers.

Slower growth in parking transactions reflects increasing transportation alternatives

Rental Car Performance YE

Rental Car - Revenue Detail							Fav / (UnFav)		Incr / (Decr)	
	2014	2015	2016	2017	2018	2018	Budget Variance		Change from 2017	
# and \$ in 000's	Actual	Actual	Actual	Actual	Actual	Budget	\$	%	\$	%
RCF Concession Revenue to Port	28,955	30,662	33,465	31,352	33,474	31,508	1,965	6.2%	2,122	6.8%
Total Enplanements	18,717	21,109	22,796	23,416	24,894	24,654	240	1.0%	1,479	6.3%
O&D %	73.8%	69.8%	69.4%	70.3%	70.3%	69.2%	1.1%	1.6%	-	0.0%
O&D Enplanements	13,813	14,734	15,821	16,461	17,501	17,061	440	2.6%	1,040	6.3%
Gross Sales by Operators	281,884	302,372	310,987	313,654	334,355	315,083	19,271	6.1%	20,700	6.6%
Total Transactions	1,218	1,289	1,390	1,411	1,416	1,437	(21)	-1.5%	5	0.4%
Average Ticket	\$231.34	\$234.53	\$223.70	\$222.32	\$236.08	\$219.22	16.86	7.7%	\$13.76	6.2%
Average Length of Stay	4.23	4.10	4.00	4.28	4.44	4.37	0.06	1.5%	0.16	3.7%
Transactions/O&D Enplanements	7.70%	8.75%	8.79%	8.57%	8.09%	8.42%	-0.33%	-3.9%	-0.48%	-5.6%
CFC Revenue Summary										
Total Transaction Days	5,150	5,292	5,554	6,039	6,286	6,287	(1)	0.0%	247	4.1%
CFC Rate per Transaction Day	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$0.00	0.0%	\$0.00	0.0%
Total CFC Revenue Earned	33,554	36,206	36,830	36,261	37,716	37,723	(7)	0.0%	1,455	4.0%
Reserve for debt service and CP interest:	(19,946)	(20,543)	(21,708)	(22,621)	(21,802)	(22,161)	359	-1.6%	819	-3.6%
Reserve for CP principal payment:	-	(3,000)	(3,000)	(3,000)	-	-	-	NA	3,000	-100.0%
Debt Service Reserve Requirement	(19,946)	(23,543)	(24,708)	(25,621)	(21,802)	(22,161)	359	-1.6%	3,819	-14.9%
Residual - CFC Operating Revenue:	13,608	12,663	12,122	10,641	16,263	15,563	700	4.5%	5,622	52.8%
Rental Car - Revenue Summary										
# and \$ in 000's	2016	2016	2016	2017	2018	2018	Fav / (UnFav)		Incr / (Decr)	
	Actual	Actual	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
							\$	%	\$	%
RCF Concession Revenue to Port	28,955	30,662	33,465	31,352	33,474	31,508	1,965	6.2%	2,122	6.8%
Residual - CFC Operating Revenue:	13,608	12,663	12,122	10,641	16,263	15,563	700	4.5%	5,622	52.8%
Land Rent/Space Rent/Other	3,541	3,189	3,617	3,699	3,833	3,786	47	1.2%	133	3.6%
Total Rental Cars Oper Revenue	46,104	46,515	49,203	45,691	53,569	50,857	2,713	5.3%	7,878	17.2%

Key message:

• Rental Car revenue reflects strong growth in average ticket price during 2018, which offsets continued decline in 1 day car rentals impacted by availability of other transportation alternatives (TNCs, car-sharing, light rail, etc.)

2018 Actuals vs. 2017 Actuals

Rental Car Concession revenue - Concession Revenue is impacted by (3) key indicators:

- Decline in Transactions per O&D Enplanement reflects trend in passenger preference shifting to other transportation options
- Total Transactions almost flat, which reflects net impact of decline in 1 day rentals offset by some growth in longer term rentals.
- Average ticket price is a function of rental car pricing and customer demand, and can vary significantly. Higher average ticket price in 2018 reflects both decline in 1 day rentals and strong pricing in current market.
- **CFC Operating Revenue** - Increase due to increase in Transaction Days for 2018 and lower debt service in 2018, primarily driven by final payment on outstanding Commercial Paper balance (\$3.0M) paid last year.

Rental Car revenue strong despite increasing transportation alternatives

Ground Transportation YE

Revenue to Port \$ in 000's	2016	2017	2018	2018	Fav / (UnFav) Budget Variance		Incr / (Decr) Change from 2017	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Ground Transportation Revenues								
Transportation Network Companies	3,222	6,940	10,349	8,122	2,228	27.4%	3,410	49.1%
On Demand Taxis	5,045	5,199	4,475	4,591	(115)	-2.5%	(724)	-13.9%
On Demand Limos	869	858	853	855	(2)	-0.2%	(5)	-0.6%
Belled In Taxis (Annual Permit)	159	45	35	108	(73)	-67.6%	(10)	-22.3%
Pre-Arranged Limos (Annual Permit)	496	626	635	603	32	5.3%	9	1.4%
Courtesy Cars (cost recovery)	2,039	1,319	1,660	1,909	(249)	-13.0%	341	25.9%
All other Operators (cost recovery)	669	360	300	433	(133)	-30.7%	(60)	-16.7%
Other Misc Revenues	305	337	465	264	201	76.0%	127	37.8%
Total GT Revenue	12,803	15,684	18,772	16,884	1,888	11.2%	3,088	19.7%

Trip Activity in 000's	2016	2017	2018	2018	Fav / (UnFav) Budget Variance		Incr / (Decr) Change from 2017	
	Actual	Actual	Actual	Budget	#	%	#	%
Ground Transportation Trips								
Transportation Network Companies	602	1,277	1,715	1,354	362	26.7%	438	34.3%
On Demand Taxis	827	750	723	765	(42)	-5.4%	(27)	-3.6%
On Demand Limos	74	72	69	71	(1)	-2.0%	(2)	-3.0%
Belled In Taxis (Annual Permit)	195	56	18	52	(34)	-64.8%	(38)	-67.2%
Pre-Arranged Limos (Annual Permit)	369	337	347	325	22	6.9%	10	3.0%
Courtesy Cars (cost recovery)	1,221	1,200	1,209	1,211	(2)	-0.2%	9	0.7%
All other Operators (cost recovery)	95	79	63	78	(16)	-20.0%	(16)	-20.5%
Total GT Trip Activity	3,383	3,771	4,145	3,856	290	7.5%	374	9.9%

Key message:

• Strong growth in demand for TNCs continues in 2018. Significant changes in customer preferred ground transportation alternatives are reflected in both revenue and trip activity between GT operator categories.

2018 Actuals vs. 2017 Actuals

GT Revenue compared to prior year:

- TNC revenue in 2018 reflects continued shift in customer preference and the impact of the rate increase (to \$6/trip) effective for the full year
- Taxi revenue decline partially due to rate decrease (to \$6/trip) effective all year in 2018, compared to \$7/trip in effect for the first 9 months of 2017
- Courtesy car revenue increase reflects rate correction in 2018 Budget

GT Trip Activity forecast compared to prior year:

- TNC trip volume continued to grow at a rate faster than the growth in enplaned passengers, driven by shift in customer preference
- Taxi trip decline slowed in 2018. Future demand still uncertain.
- Declines in other operator categories reflects the changing GT operating environment

TNC growth expected to continue to outpace enplanement growth

Airport Dining & Retail/Terminal Leased Space YE

Airport Dining & Retail and Terminal Leased Space <i>Org Basis (in 000's)</i>	2016	2017	2018	2018	Fav / (Unfav) Budget		Incr / (Decr)	
	Actual	Actual	Actual	Budget	\$	%	Change from 2017	%
ADR Revenue								
Food & Beverage ¹	21,314	21,579	23,132	21,700	1,433	6.6%	1,553	7.2%
Retail ¹	13,496	13,989	17,005	14,344	2,661	18.6%	3,016	21.6%
Duty Free ¹	6,265	6,912	7,026	7,251	(225)	-3.1%	114	1.6%
Personal Services ¹	3,657	3,728	3,951	3,809	142	3.7%	223	6.0%
Advertising	6,725	6,662	6,432	6,021	410	6.8%	(231)	-3.5%
Space Rental - Terminal	5,190	5,641	6,415	5,664	751	13.3%	774	13.7%
All other revenue	605	469	363	300	63	21.0%	(106)	-22.6%
Total ADR & Terminal Lease Revenue	57,252	58,980	64,323	59,087	5,236	8.9%	5,343	9.1%
Expenses								
ADR & Terminal Leased Space	2,241	1,962	2,778	2,423	(355)	-14.6%	816	41.6%
Income from Operations	55,010	57,018	61,545	56,664	4,881	8.6%	4,527	7.9%
Sales per Enplanement								
SPE - Food & Beverage	\$7.23	\$7.18	\$7.34	\$6.93	\$0.41	5.9%	\$0.16	2.2%
SPE - Retail Sales	\$3.86	\$4.07	\$4.37	\$4.03	\$0.34	8.4%	\$0.30	7.3%
SPE - Duty Free	\$0.89	\$0.91	\$0.83	\$0.90	(\$0.06)	-7.2%	(\$0.07)	-8.1%
SPE - Personal Services	\$1.00	\$0.95	\$0.94	\$0.95	(\$0.01)	-0.8%	(\$0.01)	-1.1%
SPE - Airport Dining & Retail	\$12.98	\$13.12	\$13.49	\$12.82	\$0.68	5.3%	\$0.37	2.8%
Concession Revenue ¹ per Enplanement	\$1.96	\$1.97	\$2.05	\$1.91	\$0.14	7.5%	\$0.08	4.0%

(1) Concession Revenue is composed of revenue from concession agreements for the sales of Food & Beverage, Retail, Duty Free, and Personal Services only.

•2018 Actuals vs. 2018 Budget

•Strong ADR sales despite planned unit closures

•Revenue – favorable \$3.3M

- **Food & Beverage** – Sales lost from closure of Central Terminal were captured by temporary concessions as well as permanent tenants.
- **Retail** – strong performance due to Convenience Retail offering increased “grab’n’go” food options, and Specialty Retail located away from Central Terminal experiencing increased traffic during peak times due to crowding in holding areas
- **Duty Free** - flat sales most of the year primarily due to China increased enforcement of duty free limitations. Strong dollar to Yuan in second half of year also contributed to restrained sales

Strong ADR sales in 2018, despite unit closures for planned lease transition

Commercial Properties YE

Non-Aero Commercial Properties	2016	2017	2018	2018	Fav / (Unfav) Budget		Incr / (Decr) from	
	Actual	Actual	Actual	Budget	Variance		2017	
<i>Org Basis (in 000's)</i>	Actual	Actual	Actual	Budget	\$	%	\$	%
New Development Revenue								
Option Area Rent	29	27	-		-	0.0%	(27)	n/a
Phase I - Base Rent	372	674	593	593	0	0.0%	(81)	-12.0%
Phase I - In-lieu Fees	221	239	259	259	(0)	0.0%	20	8.3%
Phase II - Base Rent	17	29	377	29	348	1172.8%	348	1199.4%
Phase II - In-lieu Fees	-	5,434			-	0.0%	(5,434)	n/a
Phase III - Base Rent	30	349	586	582	4	0.0%	237	67.8%
Phase III - In-lieu Fees	69	206	223	223	0	0.0%	17	8.5%
208th St. Rent Credit (Phase I)	(450)	-	-	-	-	0.0%	-	n/a
DMCBP Owner's Liaison Reimb	-	-	-	-	-	0.0%	-	n/a
NERA 2 Land Rent	-	15	248	248	(0)	0.0%	233	1525.8%
NERA 3 Land Rent	-	42	687	678	9	0.0%	646	1547.4%
Subtotal - New Development Revenue	288	7,015	2,973	2,611	364	13.9%	(4,042)	-57.6%
In-flight Kitchen Revenue	7,025	7,827	8,705	8,054	651	6.2%	878	11.2%
NERA 3 Grant Revenue	908	1,402	1,807	2,070	(263)	-11.2%	405	28.8%
All other Non-Aero Commercial Properties revenue	1,771	1,798	1,949	1,972	(23)	0.0%	151	8.4%
Non-Aero Commercial Properties Revenue	9,992	18,042	15,433	14,706	663	4.5%	(2,609)	-14.5%
DMCBP Expenses								
Phase I prepaid frontage fee amort.	179	179	179	179	-	0.0%	-	0.0%
Phase II prepaid frontage fee amort.		3,578			-	0.0%	(3,578)	n/a
Phase III prepaid frontage fee amort.		167	167	167	-	0.0%	-	0.0%
Subtotal - New Development Expenses	179	3,924	346	346	-	7.2%	(3,578)	-91.2%
NERA 3 Grant expenses	987	1,598	2,105	2,300	195	-11.2%	507	31.7%
All other Commercial Properties expenses	434	406	209	614	405	-20.2%	(197)	-48.4%
Non-Aero Commercial Properties Expenses	1,692	5,928	2,661	3,260	600	-11.0%	(3,267)	-55.1%
Income from Operations	8,300	12,114	12,773	11,446	1,327	8.9%	658	5.4%

Key message:

• 2018 Actuals vs. 2017 Actuals

Growth in revenue from new real estate development and In-flight Kitchen revenue, more than offset by one-time lump sum payment for DMCBP Phase II frontage fees received in prior year

2018 Budget vs. 2018 Actuals

Revenue – \$0.7M Favorable

- DMCBP Phase II construction completed earlier than expected.
- In-flight Kitchen revenue growth continued in 2018
- NERA grant completed in 2018, partially offset by higher than anticipated work completed in prior year.

Expenses – \$0.6M Favorable

- NERA grant expenses lower than expected due to increased work completed in prior year.
- Airport appraisals completed at lower cost
- Savings in landscaping costs and other small expenses

Revenue growth from new development & In-flight Kitchen, offset by \$5.4M lump sum for DMCBP II frontage fees in received 2017

2018 Capital Expenditures

\$ in 000's Description	2018	2018	Budget Variance	
	Actual	Budget	\$	%
International Arrivals Facility ⁽¹⁾	223,714	324,221	100,507	31.0%
ASL Conversion at Checkpoints ⁽²⁾	1,593	16,800	15,207	90.5%
NS NSAT Renov NSTS Lobbies ⁽³⁾	169,018	140,738	(28,280)	-20.1%
N. Terminals Utilities Upgrade ⁽⁴⁾	417	8,200	7,783	94.9%
Add'l Baggage Makeup Space IAF ⁽⁵⁾	1,187	15,998	14,811	92.6%
Additional STS Cars ⁽⁶⁾	3	6,525	6,522	100.0%
2018 Taxiway Improvement Project ⁽⁷⁾	30,495	36,250	5,755	15.9%
SSAT Infrastructure HVAC	819	4,910	4,091	83.3%
Concourse D Hardstand Holdroom	25,757	27,986	2,229	8.0%
Holdroom Seatings for Conc B&C	1,115	6,950	5,835	84.0%
Terminal Security Enhancements	1,888	5,925	4,037	68.1%
All Other	123,128	201,380	78,252	38.9%
Total Spending	579,135	795,883	216,748	27.2%

- (1) Foundations and structural steel delayed and then proceeded at a slower pace than expected.
- (2) \$8.7M of capital budget deemed to be public expense as the equipment will be transferred to TSA. 1 of 3 lanes have been installed; remaining lanes pushed out to Q4 2019.
- (3) 2018 Budget included a reclass of \$8.7M to non-operating public expense for the non-Port owned equipment to be turned over to the TSA. When Baseline was set in early 2018, Construction was lagging. Construction level of effort is now matching and exceeding initial expectations as schedule end dates have not slipped.
- (4) Early works construction cancelled and combined with main construction phase due to better coordination with adjacent projects.
- (5) Foundations and structural steel delayed and then proceeded at a slower pace than expected. Additionally, a major payment (~\$9M) scheduled for Dec-18 was delayed one month by GMP negotiation and settlement and will apply in Jan-19.
- (6) Project has been delayed until 2020.
- (7) Favorable bids on the project.

Actual spending was 72.8% of budget

SAMP Overview

\$ in 000's	2016 Actual	2017 Actual	2018 Actual	2018 Budget	Fav (Unfav)		Inc (Decr)	
					2018 Budget Variance		Change from 2017	
					\$	%	\$	%
SAMP Completion & Transition to Env Review	1,591	1,335	462	500	38	7.6%	(873)	-54.9%
Adv Planning IDIQ - Master Plan	0	1,141	3,905	2,500	(1,405)	-56.2%	2,764	N/A
Environmental Review - Master Plan	208	169	521	1,700	1,179	69.4%	352	169.2%
SAMP Utilities Master Plan	0	276	459	500	41	8.3%	183	N/A
Total SAMP-Related Spending	1,799	2,921	5,347	5,200	(147)	-2.8%	2,426	134.8%

Accelerated pace in advance planning offsets timing delay in Environmental Review

Maritime Division Appendix



Maritime 2018 Financial Summary

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Fishing & Operations	9,108	9,297	9,763	8,388	1,375	16%	465	5%
Recreational Boating	10,255	11,086	12,529	12,166	362	3%	1,443	13%
Cruise	15,422	17,596	18,880	18,150	730	4%	1,284	7%
Bulk	5,382	5,427	5,167	5,163	4	0%	(260)	-5%
Maritime Portfolio Management	10,255	10,787	11,305	11,169	136	1%	518	5%
Other	388	(9)	(69)	17	(86)	-502%	(60)	-692%
Total Revenue	50,810	54,183	57,575	55,053	2,522	5%	3,391	6%
Expenses								
Fishing & Operations	4,308	4,599	4,702	4,641	(61)	-1%	104	2%
Rec Boating	3,164	3,813	3,688	4,595	907	20%	(126)	-3%
Cruise	2,600	2,674	2,677	4,748	2,071	44%	3	0%
Other Maritime	781	462	259	1,399	1,140	81%	(203)	-44%
Maintenance Expenses	9,900	10,420	11,416	11,261	(156)	-1%	996	10%
Portfolio Management	3,367	3,507	3,726	3,750	23	1%	219	6%
Other ED Expenses	420	665	621	833	212	25%	(44)	-7%
Total Maritime & EDD expenses	24,540	26,140	27,089	31,226	4,137	13%	949	4%
Environmental & Sustainability	1,358	1,125	1,588	2,168	580	27%	463	41%
CDD Expenses	1,010	748	823	1,212	389	32%	75	10%
Police Expenses	3,921	3,756	4,041	4,209	168	4%	285	8%
Other Central Services	9,300	9,869	9,564	10,641	1,077	10%	(305)	-3%
Aviation Division	139	138	148	123	(24)	-20%	10	7%
Total Central Services & Aviation	15,728	15,635	16,163	18,352	2,189	12%	528	3%
Envir Remed Liability	115	389	0	0	0	NA	(389)	-100%
Total Expense	40,384	42,164	43,252	49,578	6,326	13%	1,088	3%
NOI Before Depreciation	10,426	12,020	14,323	5,475	8,848	162%	2,303	19%
Depreciation	17,351	17,410	18,022	17,868	(154)	-1%	612	4%
NOI After Depreciation	(6,924)	(5,390)	(3,699)	(12,394)	8,695	70%	1,691	31%

Successful revenue growth and expense management so far

Maritime Capital 2018

\$ in 000's	2018	2018	Budget Variance	
	Actual	Budget	\$	%
Salmon Bay Marina ACQ	15,724	15,804	80	1%
SBM Restrms/Service Bldgs Rep	221	7,162	6,941	97%
FT Gateway Building	868	2,700	1,832	68%
P91 South End Fender	2,056	2,202	146	7%
Maritime Fleet Replacement	1,422	2,158	736	34%
Contingency Renewal & Replace.	0	2,000	2,000	100%
SBM Paving	136	1,673	1,537	92%
Cruise Terminal Tenant Improv	343	1,531	1,188	78%
Salmon Bay Marina Uplands	46	1,505	1,459	97%
FT Docs 3,4,5 Fixed Pie	174	1,424	1,250	88%
Restoration	109	1,140	1,031	90%
All Other Projects	3,992	7,150	3,158	44%
Total Maritime	25,091	46,449	21,358	46%

- Shilshole Bay Marina restroom and paving projects moved to 2019 following scope change.
- Cruise Tenant Improvements pushed to 2019 due to lease conditions.
- Contingency was used for \$850 Port wide Radio System upgrade and \$250K for Shilshole Bay Marina Charging station.

SBM restrooms and paving delayed due to bidding and permit schedule

Stormwater Utility

	2017 Actual	2018 Actual	2018 Budget	Fav (UnFav)		Incr (Decr)	
				Budget Variance		Change from 2017	
				\$	%	\$	%
\$ in 000's							
StormWater Utility							
NWSA	3,392	3,698	3,692	6	0%	306	9%
Tenants Revenue	404	399	453	(53)	-12%	(4)	-1%
Non-tenants Revenue	1,189	1,187	1,189	(2)	0%	(2)	0%
Total Revenues	4,985	5,285	5,333	(49)	-1%	300	6%
SWU Direct	905	841	1,159	317	27%	(64)	-7%
Maintenance Expenses	2,380	3,317	3,413	97	3%	937	39%
EDD Expenses	20	7	18	10	58%	(12)	-62%
Environmental & Sustainability	375	326	237	(89)	-38%	(49)	-13%
Capital Development Expenses	41	28	51	24	46%	(13)	-32%
Other Central Service Expenses	389	690	723	33	5%	301	78%
Total Expenses	4,109	5,210	5,601	392	7%	1,100	27%
NOI Before Depreciation	875	75	(268)	343	128%	(800)	-91%
Depreciation	1,008	1,117	1,221	104	8%	109	11%
NOI After Depreciation	(133)	(1,042)	(1,489)	447	30%	(909)	-683%

SWU tracking to budget

Economic Development Division Appendix



EDD 2018 Financial Detail

	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget	Variance	Change from 2017	
\$ in 000's					\$	%	\$	%
Revenue	7,880	8,658	9,002	8,985	17	0%	344	4%
Conf & Event Centers	8,022	9,133	11,703	9,537	2,166	23%	2,570	28%
Total Revenue	15,902	17,791	20,705	18,522	2,182	12%	2,914	16%
Expenses								
Portfolio Management	3,425	3,875	3,571	3,778	207	5%	(304)	-8%
Conf & Event Centers	6,932	7,639	9,889	8,465	(1,424)	-17%	2,251	29%
P69 Facilities Expenses	180	206	235	289	54	19%	30	14%
RE Dev & Planning	595	214	149	211	62	29%	(65)	-30%
EconDev Expenses Other	620	776	785	1,227	442	36%	9	1%
Maintenance Expenses	2,783	3,666	3,915	3,055	(860)	-28%	249	7%
Maritime Expenses (Excl Maint)	31	52	166	344	178	52%	114	217%
Total EDD & Maritime Expenses	14,566	16,427	18,711	17,370	(1,341)	-8%	2,283	14%
Small Business	21	64	132	140	8	6%	68	105%
Workforce Development	522	850	702	1,992	1,290	65%	(148)	-17%
Tourism	1,093	1,234	1,408	1,460	51	4%	174	14%
EDD Grants	20	751	838	960	122	13%	87	12%
Total EDD Initiatives	1,656	2,900	3,080	4,552	1,472	32%	180	6%
Environmental & Sustainability	62	260	281	398	117	29%	21	8%
CDD Expenses	212	387	283	329	46	14%	(104)	-27%
Police Expenses	157	51	(76)	158	234	148%	(127)	-248%
Other Central Services	4,222	5,257	5,259	5,816	557	10%	1	0%
Aviation Division	107	113	113	127	14	11%	1	1%
Total Central Services & Aviation	4,761	6,068	5,860	6,829	969	14%	(209)	-3%
Envir Remed Liability	0	0	0	0	0	NA	0	NA
Total Expense	20,983	25,396	27,651	28,751	1,101	4%	2,255	9%
NOI Before Depreciation	(5,080)	(7,605)	(6,946)	(10,229)	3,283	32%	659	9%
Depreciation	3,682	3,863	3,992	4,156	164	4%	129	3%
NOI After Depreciation	(8,763)	(11,469)	(10,938)	(14,385)	3,447	24%	531	5%

Better than expected conference and event center volumes

EDD Capital 2018

\$ in 000's	2018 Actual	2018 Budget	Budget Variance	
			\$	%
P66 Elevator 2,3,4 Upgrades	1,043	1,175	132	11%
RE: Contingency Renew.&Replace	0	1,000	1,000	100%
BHICC Interior Modernization	283	710	427	60%
Small Projects	195	516	321	62%
Tenant Improvements -Capital	23	532	509	96%
P69 Solar Panel System	202	502	300	60%
T-102 Outdoor Lighting	30	437	407	93%
T91 Upland PreDevelopment	15	425	410	96%
CW Elevator Modernization	0	325	325	100%
All Other projects	275	477	202	42%
Total Economic Development	2,066	6,099	4,033	66%

Project costs moved to 2019 and Contingency applied to Port wide radio system.

Prioritization and project delays

Central Services Appendix



Central Services Financial Summary

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Total Operating Revenues	1,330	68	(500)	182	(682)	-375.4%	(569)	-832.8%
Core Central Support Services	69,196	71,071	73,576	80,367	6,791	8.4%	2,505	3.5%
Police	23,045	22,095	23,908	27,065	3,157	11.7%	1,813	8.2%
Capital Development	12,218	17,370	15,501	26,289	10,788	41.0%	(1,869)	-10.8%
Environment & Sustainability	8,824	6,975	8,770	11,504	2,735	23.8%	1,795	25.7%
Total Operating Expenses	113,284	117,511	121,755	145,225	23,470	16.2%	4,244	3.6%

Operating expenses were \$23.5M favorable to budget in 2018

Central Services Expense by Category

\$ in 000's	2016	2017	2018	2018	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Actual	Budget	Budget Variance		Change from 2017	
					\$	%	\$	%
Salaries & Benefits	64,835	69,448	78,529	82,549	4,020	4.9%	9,081	13.1%
Wages & Benefits	21,943	20,517	15,858	26,793	10,935	40.8%	(4,659)	-22.7%
Payroll to Capital Projects	19,060	21,859	22,781	23,159	378	1.6%	923	4.2%
Equipment Expense	1,920	3,109	4,107	3,077	(1,030)	-33.5%	998	32.1%
Supplies & Stock	1,280	1,446	1,399	1,454	55	3.8%	(48)	-3.3%
Outside Services	30,262	34,053	39,009	46,975	7,966	17.0%	4,956	14.6%
Travel & Other Employee Exps	2,510	2,568	2,574	3,722	1,148	30.8%	6	0.2%
Insurance Expense	2,349	2,223	2,145	2,320	175	7.5%	(78)	-3.5%
Litigated Injuries & Damages	279	435	(82)	-	82	0.0%	(517)	-118.9%
Other	2,554	2,152	2,798	3,494	695	19.9%	647	30.1%
Charge to Capital	(33,708)	(40,299)	(47,363)	(48,317)	(955)	2.0%	7,063	17.5%
Total	113,284	117,511	121,755	145,225	23,470	16.2%	4,244	3.6%

- Payroll savings due to staff vacancies.
- Outside Services favorable budget variance mainly came from lower spending and project delays.
- Charge to Capital was lower than budget due to delay of some capital projects.

Most of the budget savings came from payroll and outside services

Central Services Capital Spending

\$ in 000's	2018	2018	Budget Variance	
	Actual	Budget	\$	%
Infrastructure - Small Cap	786	1,500	714	47.6%
Services Tech - Small Cap	225	1,150	925	80.4%
Project Cost Mgmt System	430	600	170	28.3%
Supplier Database System	349	450	101	22.4%
Corporate Firewall	66	922	856	92.8%
PeopleSoft Financials Upgrade	2,025	3,100	1,075	34.7%
Radio System Upgrade	3,866	12,000	8,134	67.8%
Police Records Mgmt System	0	700	700	100.0%
CDD Fleet Replacement	768	1,210	442	36.5%
Corporate Fleet Replacement	726	1,180	454	38.5%
Other (note 1)	466	1,526	1,060	69.5%
TOTAL	9,707	24,338	14,631	60.1%

Note:

(1) "Other" includes remaining ICT projects and small capital projects/acquisitions.

2018 capital spending was \$9.7M for Central Services